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REVIEW AND ASSESSMENT OF THE SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

AFRICAN PLATFORM FOR NEW INTERNATIONAL DIALOGUE

Joint Note by the ECA and OAU Secretariats

UNITED NATIONS

ORGANISATION OF AFRICAN UNITY

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INTRODUCTION

In order to fully understand the concerns of the developing countries in general and of Africa in particular about the collapse in international negotiations, it is essential to briefly review, at the outset, the background to the creation of the United Nations Conference on Trade and Development (UNCTAD). UNCTAD was established by General Assembly resolution 1995(XIX) which, among other things, endorsed the decision of the Economic and Social Council to convene a United Nations Conference on Trade and Development. The principal functions of UNCTAD were eventually agreed to include the following:1/

(i) To promote international trade, especially with a view to accelerating economic development, particularly trade between countries at different states of development, between developing countries and between countries with different systems of economic and social organization, taking into account the functions performed by existing international organizations;

(ii) To formulate principles and policies on international trade and related problems of economic development;

(iii) To make proposals for putting the said principles and policies into effect and to take such other steps within its competence as may be relevant to this end, having regard to differences in economic systems and stages of development;

(iv) Generally, to review and facilitate the co-ordination of activities of other institutions within the United Nations system in the field of international trade and related problems of economic development, and in this regard to co-operate with the General Assembly and the Economic and Social Council in respect to the performance of their Charter responsibilities for co-ordination;

(v) To initiate action, where appropriate, in co-operation with the competent organs of the United Nations for the negotiation and adoption of multilateral legal instruments in the field of trade, with due regard to the adequacy of existing organs of negotiation and without duplication of their activities;

(vi) To be available as a centre for harmonizing the trade and related development policies of Governments and regional economic groupings in pursuance of Article 1 of the United Nations Charter; and

(vii) To deal with any other matters within the scope of its competence.

The first session of UNCTAD was held in Geneva in 1964 and led to the establishment of UNCTAD as a permanent organ of the United Nations General Assembly. Subsequent sessions were held in New Delhi (1968), Santiago (1972), Nairobi (1976), Manila (1979) and in Belgrade 1983 which is the subject of this assessment.

1/ See, United Nations, Trade and Development (Final Act and Report), Vol. 1, 1964, pp. 101-102.

The above issues have been somewhat modified as time went by but the fundamental principles have remained the same. A point that needs stressing is that since the first session of UNCTAD in 1964, great concern has been expressed by developing countries that the objectives of UNCTAD were not being fully realized. 2/ In fact, a review of the achievements seem to indicate that progressively at each successive session, the developing countries are getting less and less in terms of their development needs. This is mainly because UNCTAD sessions are no longer effective negotiating platform. Rather, attendance has become a "ritual" by which every now and then the world meets to listen to fine speeches without much demonstrable will to resolve the problems of global recovery and development. There is also increasing "polarization" of interests of the various groups and this has made it difficult for the UNCTAD session to reach a consensus or compromise on many critical issues on trade, money finance and development especially those of serious concern to developing countries. 3/

It was in recognition of these factors and against the background of great disappointment that the Assembly of Heads of State and Government of the Organization of African Unity which met in Addis Ababa from 6 to 12 June 1983 decided that the Ministerial Follow-up Committee on Trade and Development should make a full assessment of the results of the sixth session of UNCTAD due to be held in Belgrade, Yugoslavia in June 1983 and submit its report to the Twentieth Session of the Summit which was scheduled to be held in Conakry, Republic of Guinea in May 1984. 4/

This report has been prepared pursuant to the decision and for purposes of clarity it is presented in five parts. Part I shows a consolidation of the views, concerns and position of the African countries as outlined in the Memorandum of Libreville on Trade and Development. Part II examines the common stand of the Group of 77 and to what extent African views were reflected in the Buenos Aires Platform. Part III presents a critique of UNCTAD VI against the background of the expectations of the Group of 77, while Part IV summarizes the major achievements and failures of UNCTAD VI. Finally, Part V attempts to suggest an African platform for new international dialogue in light of the worsening African economic crisis.

2/ The original seventy seven developing countries members of UNCTAD, listed in Annex A and Annex C of General Assembly resolution 1995(XIX), constituted themselves into one group for purposes of negotiating with the industrialized countries, came to be known as the "Group of 77". The developed market economy countries also constituted themselves into what is known as "Group B" while the socialist countries of Eastern Europe formed "Group D". China belongs to none of these groups and negotiates as a distinct entity.

3/ See also UNCTAD Report of the United Nations Conference on Trade and Development on its Sixth Session, held at the Sava Center, Belgrade from 6 June to 2 July 1983 (Parts I, II and III and Annexes, 29 September 1983).

4/ OAU resolution AHG/Res.116(XIX) of June 1983.

PART I - LIBREVILLE MEMORANDUM ON TRADE AND DEVELOPMENT

(Africa and UNCTAD VI)

I. BACKGROUND TO THE LIBREVILLE MEMORANDUM

1. By the time the preparations for UNCTAD VI got underway, the African countries were already in the deep throesof an unprecedented economic crisis which was triggered by the oil crisis during the early part of the 1970s and has continued in magnitude, scope and intensity up to the present day.5/ In order to show the gravity of the issues, the crisis is briefly summed in the next following paragraphs.

2. Firstly, abject poverty is still widespread throughout Africa; food shortages have reached a serious crisis proportion; hunger and malnutrition continue to sap the energy of the people; average life expectancy is still as low as 46; more than 20 percent of the babies born die before they reach the age of 12 months; in most countries only about 26 per cent of the adult can read and write; less than 25 per cent of the people have access to safe or potable water; the drought has spread in recent years and now affects about 34 African countries; the industrial and agricultural development is still too fragile to support a self-sustaining recovery programme; and 26 of the 36 least developed countries are in Africa. 6/

3. Secondly, African countries have been unable to provide a satisfactory solution to the commodity crisis facing them. Prices of the major primary commodities which dropped to the lowest level since world War II have not generally picked up. Consequently, the export-earnings of the African countries continue to be eroded while the import bill, especially of food, is increasing.

4. Thirdly, development and expansion of Africa's external trade has been a matter of great concern to African Governments especially in recent years. Of particular concern is the increased "protectionism" in industrialized countries against manufactured and semi-manufactured goods from developing countries especially in Africa. There is also the problem of introducing appropriate structural adjustment programmes and the increase in competitiveness of African goods and services in the world markets. These issues were considered during UNCTAD V in Manila, and although the Conference recognized the economic inter-dependence of nations,no firm commitment was evident from the position of the industrialized nations (both West and East) that they were ready to increase their imports from developing countries of manufactured and semi-manufactured goods.

5/ For a full analysis of the crisis see ECA and Africa's Development 1983-2008: A Preliminary Perspective Study, Addis Ababa, April 1983.

6/ There were 20 African LDCs during UNCTAD V and 26 African LDCs during UNCTAD VI.

There was instead an implicit stand that both the Group B and Group D countries were interested in the status quo by which the developing countries would continue to import manufactured goods and services in exchange for the export of primary commodities. In fact this common stand had also been prevelant during the previous UNCTAD sessions, but was more explicit in the mutual aggrandizement postures of the two groups vis-a-vis Group of 77.

5. Finally, the impact of the international financial and monetary crisis is most seriously felt in developing countries especially in Africa. The flow of official development assistance (ODA) to Africa has not improved during the past four years. International Development Association (IDA) financing accounted for only 10 per cent of ODA in recent years. The reductions in the expected IDA replenishment will imply further hardships for most African countries who rely heavily on IDA financing to sustain their growth rates. The external liabilities of all developing countries grew from US$766 billion in 1982 to US$810 billion in 1983, and increase of US$44 billion. For African countries the external debt was estimated at US$86.2 billion in 1982 while other estimates put the debt at US$153 billion at the end of 1983. In addition, the world-wide recession in the early 1980s resulted in a drastic fall in export earnings against the background of inflation in the industrialized countries which resulted in direct increase in import bills of the African countries. As a result, the balance of payments deficits of most African countries rose to an all-time high level in 1980 and continues to rise. This has forced these countries to reduce considerably their imports of essential goods including capital and industrial goods required for development. This, in turn, has tended to slow down their growth rates and hence the capacity to repay foreign debts.

6. It was in recognition of the gravity of the crisis that the African Heads of State or Government of the Organization of African Unity had directed, through the Lagos Plan of Action and Final Act, that measures should be taken in the field of international trade and finance (a) to set up an international trade framework based on new principles and rules covering inter alia, structural adjustment; preferential treatment for developing countries; elimination of protectionism which hamper the access of manufactures and semi-manufactures from developing to developed countries; elimination of all forms of restrictive business practices; complete restructuring and re-orientation of the policies and operations of international monetary and financial institutions; and increasing the effective participation of African countries in international negotiations. 7/

7. In order to assist the African countries to fully assess the significance and impact of UNCTAD VI on their economies individually and collectively, the Secretariats of the Economic Commission for Africa and the Organization of African Unity under their respective mandates jointly provided advisory services and technical backstopping to the African countries in the preparatory meetings preceding and during UNCTAD VI itself. To this end, the Conference of African Ministers of Trade Preparatory to UNCTAD VI was held in Libreville, Gabon during February 1983. This was preceded by the Extra-Ordinary Intergovernmental Expert Group Meeting which considered technical papers prepared by the joint secretariat of ECA and OAU.

7/ See OAU, The Lagos Plan of Action 1980-2000, Addis Ababa, 1980

These meetings represented a serious effort on the part of the African countries to fully prepare themselves for UNCTAD VI negotiations. The common position adopted by the African region at Libreville is contained in the Libreville Memorandum on Trade and Development which eventually became the basis for negotiation within the Group of 77 and a large part of it was incorporated in overall position of the Group of 77 vis-a-vis other groups in the UNCTAD VI negotiations.

II. MAJOR ISSUES RAISED IN THE LIBREVILLE MEMORANDUM

8. The African countries had approached UNCTAD VI with unprecedented enthusiasm, hopes and expectations. 8/ Consequently, the meeting's deliberations were thorough and meticulous and all conceivable measures to promote a healthy international trade and financial climate were examined and incorporated in the overall Afican position. Essentially, the African position in respect of UNCTAD VI is briefly summarized in the next several paragraphs. 9

A. WORLD ECONOMIC SITUATION

9. The African position called for the establishment of a new programme for world economic recovery and development taking into account the interdependent character of the present international economic relations. In particular, the African Group called upon the Group of 77 to consider a proposal that the Trade and Development Board of UNCTAD should meet biennually at ministerial level to consider the world trade, financial and monetary relations and to make proposals for the management of the world economy consistent with requirements for growth, employment, and development objectives, especially those of developing countries.

B. COMMODITY ISSUES

10. Nearly all African countries depend on agricultural primary commodities, minerals and oil for a major portion of their export earnings. For some of them as much as 97% of such earnings are generated from one or two commodities. 10/ The collapse in world commodity prices in the early 1980s as a matter of great concern. Consequently, the African countries expected UNCTAD VI to adopt specific measures which included the following: (i) the implementation of the Integrated Programme for Commodities and in particular the establishment of a programme for co-operation in processing, marketing, transportation and distribution and the need for establishing a complementary financing facility; and (ii) the stabilization and strengthening of commodity markets. The African countries therefore called upon the Group of 77 to urge that (i) all developing countries, especially the major commodity exporters, which had not yet done so, as well as the developed countries to sign or ratify the Common Fund for Commodities; (ii) all governments should reaffirm their commitment to support the Integrated Programme for

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8/ This enthusiasm was demonstrated by the fact that as many as 37 countries participated in the preparation of the Libreville Memorandum.

9/ For full details see Libreville Memorandum on Trade and Development (Africa and UNCTAD VI)(Doc. No. E/ECA/OAU/TRADE/1) 2 March 1983.

10/ See also United Nations, Department of Economic Affairs, Commodity Trade and Development, (Document No. E/2519).

Commodities and that additional resources should be made available as grants to finance activities in this field; (iii) that adequate facilities including technical and financial resources should be made available to producing countries to increase the processing and productive capacity of primary commodity industries including mineral resources and energy, (iv)compensatory financing facility should be created to ensure price stability and to cover shortfalls in export earnings. To this end, the IMF Compensatory Financing Facility should be enlarged and liberalized to meet the real needs of the African countries, and (v) to elaborate international policy measures for increasing the production, employment, consumption and trade in agriculture in order to enhance the export interests of the developing countries.

C. INTERNATIONAL TRADE IN GOODS AND SERVICES

11. The Lagos Plan of Action, recognizing the interdependence of the world in the field of trade in goods and services, called for measures to be taken "to set up a new trading framework at international level including agreement on new trading principles covering, inter alia, structural adjustment, preferential treatment for developing countries and the elimination of protectionist measures" which hampered the access of manufactures and semi-manufactures from developing countries into the markets of the industrialized nation.11/ In the light of this, the Libreville Memorandum proposed a set of measures to be presented by the Group of 77 to UNCTAD IV aimed at increasing the trade opportunities of developing countries. Such measures included the following: that UNCTAD should draw up a work programme aimed at the elimination of protectionism by developed countries and increasing the capacity for structural adjustment in developing countries. To this end, it proposed that no protectionist action should be taken against developing countries; that measures should be taken to assist developing countries to establish export financing and export insurance schemes for their exports; that the export base of developing countries should be diversified through strengthening the financial, commercial and other infrastructures; that priorities should be identified and established for strengthening the service capacities including service industries in the developing countries; and that a review should be undertaken of the rules, principles, policies and practices applied in international trade relations with a view to evolving a more universal system.

D. FINANCIAL AND MONETARY ISSUES

12. In the field of money and finance, the Libreville Memorandum expressed concern that the growth of African economies had virtually grounded to a halt; growth output was below that of population; per capita incomes continued to fall; and unemployment was increasing at an alarming rate. At international

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11/ For a full analysis of these issues see, UNCTAD, Trade and Development Report, 1983, (Document No. UNCTAD/TAR/3/Rev.1).

level, export earnings were generally lower than payments on imports and the current account deficit was increasing; the external indebtedness had risen to an unprecedent high; and the net flow of capital to Africa had dwindled and in some cases there was even a net out flow. 12/

13. The Group of 77 was therefore called upon to agree on a series of policy measures to reform the international monetary system, and to increase resource flows to developing countries. In particular, the Libreville memorandum proposed the following measures (i) there should be a substantial increase in the liquid reserves of developing countries through an increase in ODA and other official financial flows. To this end, all developed countries which had not yet done so, were urged to increase their assistance to the level of 0.7% of target agreed earlier; (ii) there should be a major debt restructuring exercise including the conversion of all loans to grants in the case of the least developed countries; (iii) the policies of the IMF should be reviewed especially with respect to its conditionality to reflect the social and economic realities in the developing countries. To this end, Special Drawing Rights (SDR) allocations should be linked with development financing through a new low-conditional facility to extend medium-term financing to such countries. At the same time, the Fund quota should be increased to meet the new development requirements.

14. In the case of the World Bank, the African countries called for an acceleration of its five-year lending programme of US$60 billion to be disbursed over four years; that the conditions for Structural Adjustment Lending (SAL) should be adapted to the real needs of developing countries; and that the Seventh Replenishment of IDA should be substantial in real terms and its operations should commence in early 1984.

E. THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES (SNPA)

15. The African countries had expressed a genuine and serious concern that more than two-thirds of the world's least developed countries (LDCs) are found in this region. A significant number of these countries had already taken measures to implement the SNPA. However, commitments on increased flows to these countries had been very disappointing and a number of developed countries had refused to commit themselves to the SNPA. The Libreville Memorandum therefore called upon the Group of 77 (i) to press that developed countries should promptly and fully implement the resolution 165(S-IX) of the Trade and Development Board calling for the conversion of all outstanding debts and loans to the least developed countries into grants; (ii) measures should be taken for the relief of private debts; (iii) donor countries should increase their allocation to the UNDP special Measures Fund for the LDCs, and the United Nations Capital Development Fund for the SNPA; (iv) developed countries should implement measures to enhance the exports of LDCs including the improvement of the Generalized System of Preferences

12/ For a full detail of thise issues see also UNCTAD, International Financial and Monetary issues (Policy Paper) (Document No. TD/27) 26 January 1983.

for their exports as well as the elimination on non-tariff measures; and (V) the IMF Compensatory Financing Facility should be enlarged and liberalized taking into account the special problems of export earnings of the LDCs.

F. TECHNOLOGY

16. The Libreville Memorandum was concerned with the high level of technological dependence and "technological captivity" of African countries vis-a-vis the industrialized nations, and the need for developing a global strategy for the development, transfer, acquisition and utilization of technology for development. 13/ It accordingly recommended that (i) negotiations on the Code of conduct for the transfer of technology should be concluded without further delay; (ii) there is need for a new system of economic, commercial and development aspect of the industrial property and that the Paris Convention on the Protection of Industrial Property should be revised to remove monopolies and undue restrictive practices in the transfer of technology; (iii) there should be a common approach to laws and regulations on the transfer of technology to avoid abusive practices and unfair terms and conditions under which technology is acquired by developing countries; (iv) measures should be adopted to regulate the "reverse transfer" of technology from developing countries; and (v) the technical and operational assistance provided by the Advisory Group on the Transfer of Technology should be expanded to assist developing countries in the formulation and implementation of policies, laws, regulations, procedures and machinery for the transfer of technology and to increase the capacity of developing countries develop their own technological research, data base and information systems.

G. LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES

17. The problems encountered by the landlocked and island developing countries in implementing effective economic growth programmes are indeed enormous. 14/ In particular, these countries experience serious constraints in developing their physical infrastructure to support external trade. Accordingly, the Libreville Memorandum recommended inter alia the following measures: (i) that there should be an integrated planning approach transport, communications, industry and trade to link the land locked and island nations with their transit neighbours; specific action should be taken in the development of road, rail, air, and sea transportation and communications facilities; (iii) provision of all-weather through-road transport routes linking the main commercial centres of the land locked countries with sea ports; (iv) assistance should be provided to these countries in the harmonization of trade documentation and procedures, and their effective participation in sub-regional and regional co-operation programmes.

13/ See also, UNCTAD, A strategy for the Technological Transformation of Developing Countries, (Document No. TD/B/C.6/90); UNCTAD, Handbook on the acquisition of technology by developing countries; and UNCTAD, Draft International Code of Conduct on the Transfer of Technology (TD/CODE/TOT/25).

14/ See also UNCTAD resolutions 98(IV) and 111(V) and General Assembly resolutions 35/61 and 37/206 on this issue.

H. TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

18. The African countries recognized the importance of diversfying their trade and economic channels in addition to the need for strengthening existing traditional links. In particular, they expressed concern that despite serious efforts in previous years, in general, no significant expansion had taken place in their trade with socialist countries of Eastern Europe. Consequently, the Libreville Memorandum called upon these countries (i) to increase their imports from developing countries including manufactures and semi-manufactures especially through the GSP; (ii) to increase the share of convertible currencies in their total resources to developing countries; (iii) to adopt appropriate measures for guaranteeing fair and remunerative prices for goods from developing countries and to allow such countries to repay state loans through the export of manufactures; and (iv) to give their commitment to attain the target of 0.7 per cent of their Gross National Product (GNP) as agreed in earlier sessions of UNCTAD.

I. ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES (ECDC)

19. The attainment of collective self-reliance through economic co-operation is the main raison d'etre of the Lagos Plan of Action. 15/ The Libreville Memorandum reiterated the priorities set out in resolution 127(V) adopted at the fifth session of UNCTAD which included the establishment of a global system of trade preferences (GSTP) among developing countries, encouraging co-operation among State Trading Organization (STOs) of developing countries; and the establishment of Multinational Marketing Enterprises (MMEs) among developing countries. It requested UNCTAD to intensify its activities in these areas to promo te and strengthen subregional,regional and inter-regional economic integration and co-operation; and monetary and financial co-operation among developing countries. It also called for co-operation in technology, insurance, shipping, transport and transit facilities of developing land-locked and island countries.

J. ASSISTANCE TO LIBERATION MOVEMENTS RECOGNIZED BY REGIONAL INTERGOVERNMENTAL ORGANIZATIONS

20. The African group attached great importance to UNCTAD activities relating to assistance to liberation movements. The Libreville Memorandum took note of the two studies prepared by UNCTAD on the review of economic conditions of the Palestinian

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15/ See also the Monrovia Declaration of Commitment of Heads of State and Government of OAU on the Guidelines and Measures for National and Collective self-reliance in economic and social development for the establishment of a new international economic order; The Arusha Programme for Collective self-Reliance and Framework for Negotiations (Document No. TD/236) of 23 February 1979; General Assembly resolution 33/195 of 29 January 1979 on Economic Co-operation among Developing Countries; and the "Caracas Programme of Action adopted by the High Level Conference on Economic Co-operation Among Developing Countries, Caracas, May 1981."

people in the occupied Arab territories and on the economic situation in Namibia and South Africa under minority rule. It called for a more comprehensive and indepth sectoral survey of the economic conditions of the Palestinian people who are still under foreign rule and that of the Namibian people resulting from the illegal occupation of Namibia by the racist regime of South Africa. Such studies should be on the same lines as the study made for Zimbabwe by UNCTAD. 16/

K. INSTITUTIONAL MATTERS

21. The Libreville Memorandum expressed the need for a comprehensive organization to deal in an integrated manner, with problems of international trade, development and related matters, and that the existing institutions were not capable of effectively fulfulling that function. It recommended that the Trade and Development Board of UNCTAD should conduct an indepth study of ways and means of creating such a comprehensive institution. In the meantime, UNCTAD should implement previous decisions in this field. To this end, it should be granted "operational flexibility" on budgetary, financial and administrative matters; authority should be delegated to the Secretary General of UNCTAD or the Trade and Development Board on budgetary and operational matters; and that UNCTAD should extend its scope of contacts and consultations with regional economic commission and relevant intergovernmental organizations to ensure co-ordination called for in resolution 45(VII) of the Trade and Development Board.

16/ See UNCTAD, Zimbabwe: Towards a New Order - An Economic and Social Survey, 1980.

PART II - THE BUENOS AIRES PLATFORM

(Document of the Fifth Ministerial Meeting of the Group of 77)

I. GENERAL BACKGROUND

22. The developing countries members of the Group of 77 have evolved a tradition of consolidating their views into a common position in UNCTAD sessions. During UNCTAD I individual countries or group of countries among the developing nations presented papers indicating their positions or concerns. The ECA secretariat also submitted two papers on "The importance of intensifying trade exchanges amongst the low-income countries" (Document No. PC/29), and on "Approaches to African economic integration towards co-operation in economic planning and an African Common Market" (Document No. PC/30). Likewise, the secretariats of the other regional Economic Commissions submitted papers on behalf of their respective region. The first real attempt towards a consolidated position was made during the preparations for UNCTAD II. The African Group met first in Algeria at ministerial level and was followed by the first ministerial meeting of the Group of 77. 17/

23. The Buenos Aires Platform was the outcome of tough bargaining, negotiations and compromises of the different and sometimes conflicting interests within the Group of 77. The "Memorandum of Libreville on Trade and Development" was a deliberate and concerted effort on the part of the African region to fully prepare for UNCTAD VI negotiations. It represented a package of common African decisions on all major issues on the agenda of UNCTAD VI. The decisions and declaration by the African Group were subsequently compared with those of the Asian and Latin American regional groups that make up the Group of 77. 18/ These were considered by the Fifth Ministerial Meeting of the Group of 77 in Buenos Aires during April 1983. The results of deliberations at the Buenos Aires meeting were harmonized into the Buenos Aires Platform, whose preamble stressed the need for a dialogue in the various groups towards achieving a consensus. It also consisted of draft resolutions and decisions agreed by the developing nations on all substantive issues pertaining to the UNCTAD VI agenda.

II. PRINCIPAL FEATURES OF THE BUENOS AIRES PLATFORM

24. Since the majority of the decisions and proposals of the African Group were incorporated in the Buenos Aires Platform, this part of the report will therefore concentrate on issues or points of difference reflected in it which were not covered by the Libreville Memorandum. 19/

17/ See "African Declaration of Algiers" (doc. MM.77/I/Misc.9 of 15 October 1967). This G.77 meeting of 1967 adopted the Algiers Charter.

18/ The Latin American Group presented the "Declaration of Cartegena"; the Asian Group presented the "The Bagdad Declaration and Programme of Action" while the African Group presented the "Libreville Memorandum on Trade and Development".

19/ See also the "Bagdad Declaration and Programme of Action" and the "Final Report of the Latin American Coordination Meeting at Ministerial Level Prior to UNCTAD VI".

A. WORLD ECONOMIC SITUATION

25. The Buenos Aires Platform, which was a "message for dialogue and consensus" endorsed the position of the African Group concerning the world economic situation. In particular, there was unanimous agreement that UNCTAD VI should be asked to agree on convening once in every two years the Trade and Development Board at ministerial level (see paragraph 9). It further requested the Secretary-General of UNCTAD to submit to that Conference a report of the latest developments in the world economic situation and economic relations and another report on the implementation of the decisions adopted at UNCTAD VI.

B. COMMODITY ISSUES

26. The Group of 77 had no difficulties in adopting the African position on the various issues related to commodities. It therefore strengthened the overall stand by proposing resolutions on the Common Fund for Commodities; the Implementation of the Integrated Programme for Commodities in the Area of Processing, Marketing, Transportation and Distribution; Compensatory Financing of Shortfalls in Export Earnings; and Implementation of the Integrated Programme of Stabilization and Strengthening of Commodity Markets.

C. ISSUES IN THE AREA OF INTERNATIONAL TRADE IN GOODS AND SERVICES

27. Basically, all issues raised in the Libreville Memorandum were incorporated in the common position of the Group of 77. In addition, there was concern about the possibility of disrupture of the trade flows of developing countries while procedures were being laid down. Therefore, a draft resolution on this subject called on developed countries to (i) suspend on-going negotiations in the cases of alleged subsidies or dumping; and (ii) to suspend the application of countervailing and anti-dumping duties and other measures of statutory or procedural nature against the exports of developing countries. The Buenos Aires Platform did not incorporate the suggestion of the African Group that the Conference should adopt a definite work programme for the elimination of protectionism and all obstacles to trade. However, the compromise resolutions adequately catered for the views of the African Group in this matter.

28. Another improvement in the Buenos Aires Platform related to the adoption of a draft resolution on improving the Generalized System of Preferences and called upon UNDP to continue to support the UNDP/UNCTAD technical assistance programmes in order to permit developing countries to benefit fully from the GSP Schemes. A study programme was also recommended to review laws, regulations and procedures of the preference-giving countries which affect the exports of developing countries. In the area of services, the Buenos Aires Platform called upon UNCTAD to institute technical assistance programmes for developing countries taking into account the special problems of the least developed countries.

D. FINANCIAL AND MONETARY ISSUES

29. The crisis in the world financial and monetary system attrated a great deal of animated debate. There was a unanimous view that this had been

aggravated by the policies of industrialized nations which affected the developing countries in various ways including a drop in export earnings; an unprecedented increase in debt service payments; contraction in private lending to developing countries; and the lack of increase in official development assistance (ODA).

30. The Buenos Aires Platform made a number of proposals which constituted a definite improvement on the African position. For instance, it proposed (i) an allocation of Special Drawing Rights (SDRs) of not less than 15 billion annually; (ii) an additional allocation of SDRs to allow developing countries to meet requirements for increasing quotas under the Eighth General Review of Quotas; (iii) the creation of a Trust Fund financed from additional sales of IMF's gold holdings and from interests received from SDR holdings by developed countries in order to make concessional loans to eligible countries; (iv) the strengthening of the surveillance mechanism over the exchange rate and related fiscal, monetary and trade policies of developed countries to bring about greater efficiency and symetry to the adjustment process; (v) to strengthen the resource of regional development banks through real increases in capital flows so as to enable them to respond more effectively to the development needs of developing countries; and (vi) to raise the World Banks's share of programme loans to at least 25 per cent of its total lending. These measures, including a large part of the proposals of the Libreville Memorandum were translated in concrete resolutions for presentation at the Belgrade Conference.

E. PROGRESS IN THE IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES

31. The majority of the least developed countries of the world are found in Africa and therefore the implementation of the Substantial New Programme of Action (SNPA) for the least developed countries was of special interest to the African Group within the Group of 77. 20/ The Buenos Aires Platform recognized this and accepted all the recommendations made in the Libreville Memorandum which were translated into an exhaustive resolution.

F. TECHNOLOGY

32. The Buenos Aires Platform recognized the urgent need to formulate and adopt international measures that would lead to the technical transformation of the developing countries. It further asserted that a thorough review of technology advancement should be made to ensure that the developing countries obtain maximum benefits from modern scientific and technological advances. A resolution was therefore adopted which incorporated the African position in the restructuring of the legal environment including the adoption of an international code of conduct on the transfer of technology; the economic, commercial and development aspects of the industry property system; the national laws and regulations on the transfer, acquisition and development of technology; development aspects of the reverse transfer of technology and

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20/ For a global analysis of issues concerning LDCs, see UNCTAD, The Least Developed Countries and Action in their Favour by the International Community (Doc. No. A/CONF.104/2/Rev.1), 1983.

technical assistance to developing countries relating to technology. It also incorporated the recommendations of the Libreville Memorandum on the new initiatives required for the 1980s in the field of technology development and co-operation.

G. SHIPPING

33. The Group of 77 fully endorsed the position of the African Group that maritime transport is one essential infrastructure for the support of harmonious development programmes. It also noted with concern that the world shipping industry was undergoing a crisis which adversely affected the developing nations. Furthermore, the controls and monopoly powers exercised by the transnational corporations in the areas including bulk and refrigerated cargoes, and the structure of shipping negotiations forced some developing countries to resort to unilateral measures to protect their sovereign interest. A comprehensive resolution was therefore adopted for presentation to UNCTAD VI which included a call on the Secretary-General of UNCTAD to prepare a comprehensive report on the implementation of the United Nations Convention on a Code of Conduct on Liner Conference and to submit such report to the UNCTAD Committee on Shipping.

H. LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES

34. The Group of 77 reiterated the position of the African Group on the need for specific action to be taken for assisting the land-locked and island developing countries to realize their development objectives and priorities. To this end, a resolution was adopted expressing its deep concern about the grave economic situation of this group of countries and agreeing that special measures should be instituted at international level to deal with transit problems of the land-locked countries. Furthermore, the difficult problems of the island nations were noted with concern especially relating to their smallness; remoteness; constraints in transport and communications; great distances from market centres; very limited domestic markets; lack of natural resources; shortage of technical and managerial skills; and heavy dependence on very few commodities for the Gross Domestic Product and exports. It called upon the Secretary-General of UNCTAD to undertake a series of co-ordinated and inter-related measures to assist these countries to achieve structural adjustments and re-organization of their economies to attain a self-sustained economic growth.

I. TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

35. The Buenos Aires Platform fully incorporated the position of the African Group concerning trade relations between countries having different economic and social systems. A resolution was adopted calling upon the socialist countries of Eastern Europe to contribute fully and more positively to the efforts of developing countries to diversify and intensify their trade, including the improvement of their GSP taking into account its basic objectives.

J. ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

36. The Group of 77 also recognized that self-reliance within the context of economic co-operation among developing countries (ECDC) was an important strategy towards resolving the problems of development. It adopted a resolution endorsing the African position but a number of proposals contained in the Libreville Memorandum were not included in the resolution. Among the major proposals not included in the Buenos Aires Platform were (i) the need for establishing subregional, regional and interregional clearing and payments; (ii) intensification of co-operation in food security and co-operation; (iii) intensification of ECDC activities in the development and transfer of technology; insurance and re-insurance; transport and transit problems of land-locked and island countries; (iv) rapid development and co-operation in trade information systems; and (v) co-operation in the field of energy. Some countries of the Group of 77, especially from Latin America placed great importance on the establishment of the "Bank for Developing Countries".

K. ASSISTANCE TO LIBERATION MOVEMENTS RECOGNIZED BY REGIONAL INTERGOVERNMENTAL ORGANIZATIONS

37. With regard to assistance to liberation movements recognized by regional intergovernmental organizations, the Buenos Aires Platform fully incorporated the position of the African Group especially concerning the studies relating to the Palestinian people in the Arab occupied territories and for the peoples of Namibia and South Africa. In addition, the Group requested the Secretary-General to set up a special economic unit to monitor and investigate the policies of the Israel occupation authorities and to report regularly to the Trade and Development Board on the implementation of UNCTAD resolution 109 (V) of 1 June 1970.

L. INSTITUTIONAL MATTERS

38. A position paper was submitted by the Group of 77 to UNCTAD VI on institutional matters which essentially reproduced the Libreville Memorandum.

PART III - AN ANALYSIS OF THE MAIN RESULTS OF UNCTAD VI

39. Parts I and II of this report were devoted to reviewing the preparations for UNCTAD VI and the respective African position contained in the Libreville Memorandum and that of the Group of 77 as contained in the Buenos Aires Platform which was also supported by China.[21/] This portion examines what actually took place at UNCTAD IV in Belgrade with a view to assessing what gains (if any) were obtained by the Group of 77 vis-a-vis the other group interests represented at the Conference. This analysis is not in any way exhaustive or comprehensive but serves as an indicator to the magnitude of the problems encountered by the Group of 77 in their attempt to influence the working of the international economic system.

A. WORLD ECONOMIC SITUATION

40. An area where there was global consensus related to the world economic situation and the issues, measures and policies relevant to the attainment of the New International Economic Order. There was a general recognition that the world economy was currently in the deepest crisis since the Great Depression of the 1930s, and that the economies of the developing countries had been severely disrupted. The price of major commodities had collapsed, interest rates in industrialized countries were increasing at an unprecedented rate, the prices of manufacture imports in developing countries had increased largely due to inflationary policies of the industrialized countries and there was increased "protectionism" against goods from the non-industrialized nations. These problems required a global approach since no single group of countries could resolve them without an adequate international negotiation or consultative mechanism.

41. The adoption of global policy issues in inter-related fields in order to accelerate the world necessary through fundamental restructuring of the world economy was the basic theme in the discussions under this topic. The Group of 77 in this regard made a specific proposal for convening an international conference on money and finance for development to be open to participation of all members of the United Nations. The Conference was unable to take a decision on this proposal.

42. One proposal accepted by the Conference was that the Trade and Development Board should meet regularly at Ministerial Level once in two years to hold consultations on commodities, trade, money and finance; to review the principles, rules and practices governing international economic relations, their impact on the economies of developing countries, especially the least developed countries and that such a meeting should be held during the second half of 1984. The Group B countries were only lukewarm to the proposal and suggested therefore that these proposals be considered by the Trade and Development Board. Other issues dealt with matters in the area of protectionism, high interest rates, liquidity shortages and a need for effective and comprehensive international economic co-operation. No general consensus emerged from the conference on the resolution of these issues.

21/ On the basis of her request, China was allowed to attend the Buenos Aires Meeting of Group 77 as an observer.

B. COMMODITY ISSUES

43. The Group of 77 proposed four inter-related draft resolutions covering the Common Fund and the Integrated Programme for Commodities (IPC) in the area of stabilization and strengthening of commodity markets, processing, marketing, distribution and transportation. The focus of actions by the Conference in the area of commodities, emphasized the following main points: (i) the over-all relationship between commodity issue and the problems of international recovery and development; and (ii) the importance of commodity export earnings by developing countries and their relevance not only to the development efforts of developing countries, but also to world economic recovery through increased imports from developed countries.

44. The Buenos Aires Platform resolution on the Common Fund was by and large a concrete proposal towards an acceptable consensus. However, a few areas relating to the following matters remained unresolved:

(i) the question of financing national projects and investments in the field of commodities through the Second Account. Developing countries' view point was that the Second Account of the Common Fund for Commodities should also be used to finance national projects and investments in commodity related areas. Both the market economy countries of the West (Group B) and Group D rejected the developing countries' request. Their arguments included, inter alia, that provisions under Section C of Article 18 of the Common Fund Agreement Section C would cater for the interest of developing countries. A weak compromise which was proposed was not an improvement on Article 18 Section C of the Common Fund Agreement and it avoided any commitment to the financing of commodity related development projects;

(ii) the developed countries objected to the Group of 77's request that UNCTAD Secretary-General should find ways and means of assisting the least developed countries and other developing countries which are unable to pay their capital subscriptions in order to do so. The objection was that there were no closer criteria for categorizing "other developing countries" in the same group as least developed countries (LDCs). But the resolution adopted on the basis of compromise in respect of the Common Fund was considered by developing countries as rather satisfactory.

45. It should be emphasized in this regard that the developing countries were generally at a disadvantage in negotiating the resolution on the Common Fund. This was because although the developing countries had pushed for an agreement on the text of the Common Fund at Nairobi in 1976 and at Manila in 1979, yet few developing countries had actually signed and ratified the Common Fund Agreement for commodities by the time of holding UNCTAD VI. For example, up to June 1983, only 22 African countries 22/ had ratified the

22/ Algeria, Benin, Botswana, Burundi, Egypt, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Malawi, Mali, Niger, Rwanda, Sierra Leone, Tunisia, Uganda, Cameroon, United Republic of Tanzania and Zambia.

Agreement while the majority of Group B countries had all signed and ratified, except the USA. Curiously, none of Group D countries had by then signed or ratified the Common Fund Agreement and tended to justify their actions as conditional upon the signature and ratification of one country in Group B - the USA.

46. The Group of 77's proposal on the implementation of IPC in the fields of processing, marketing, transportation and distribution on which developing countries attached greatest importance in the commodity sector raised considerable opposition. Group B countries presented counter-proposals as late as 22 June 1983, which were fundamentally different from those of the Group of 77 as contained in the Buenos Aires Platform. In essence, developing countries' demands included increasing their participation in the processing, marketing, distribution and transportation of their commodities. This was seen by developed countries as encroachment into their monopoly which had to be resisted. Closely tied to this was the proposal by developing countries which called on transnational corporations (TNCs) to abstain from all business practices and other restrictive activities which inhibit developing countries' participation in the processing, marketing and distribution of their commodities. On the contrary, developed countries held the view that TNCs were a positive element that facilitated such participation.

47. Another important proposal of the Group of 77 stressed the need to include compensatory financing in the area of commodities. Despite the fact that the industrialized countries of the North had had ample time to prepare themselves in Paris and Geneva, yet they had shown no indication that they were ready to enter into meaningful discussion.

48. On the question of a negotiating conference on a framework for international co-operation in the processing, marketing, distribution and transportation, the developing countries had proposed that such a conference should be convened not later than 1984. Developed countries objected to this proposal by using delaying tactics, including referring the discussions of the issue to the Committee on Commodities and to the Trade and Development Board. It is unfortunate that the Conference accepted this without setting a specific time frame for bringing back the issue to future Conference of UNCTAD. The final resolution was a watered-down version which fell far short of what developing countries had asked for.

49. The central issue in the area of stabilization and strengthening of commodity markets under IPC was to give some renewed impetus to the concept of stabilization measures for commodities through international agreements or arrangements in line with Conference Resolution 93(IV) and 124(V) which were adopted in Nairobi and Manila respectively. In other words, to renew further the international community's commitment to Resolution 93(IV). Developing countries were particularly worried about the dramatic collapse of commodity

prices during 1981 and 1982 and, therefore, asked for the establishment of multidimensional commodity agreements which would contain provisions both on price stabilization and development measures.

50. In this connexion, Group B argued that the list of 18 commodities under the IPC was just an indicative list; developing countries need not insist on increasing the number of commodities to be covered under the IPC as coverage is open-ended. In fact, a number of African countries had unsuccessfully pressurized for the inclusion of hides, skins and leather in the IPC list; and work in this regard had started much earlier in the UNCTAD and FAO forum.

51. A further important element in the Group of 77's proposals in the area of market stabilization was a call for immediate action to be taken by interested countries to negotiate provisional or temporary arrangements on commodities of particular interest to developing countries in order to avaoid further deterioration of their prices. In this connexion, the Latin American Group was particularly interested in reaching an agreement to negotiate a new International Wheat Agreement. On the question of national stockpiles, the Group of 77 had proposed that the Committee on Commodities within UNCTAD should adopt guidelines or a code of conduct governing the operations of national stockpiles, which interrupts international markets.

52. Group B countries were reluctant to accept the above proposals which comprised concrete measures aimed at the stabilization of commodity markets. They argued that commodity prices had begun to show an upturn in recent years. Stabilization measures which had financial implications were rejected by the developed countries. They also resisted the proposal on the establishment of temporary agreements covering commodities. In fact, what was finally agreed was to refer this matter to the Committee on Commodities to examine, inter alia, objectives, sources of finance, economic viability and legal aspects of such agreements. Thus, what would seem to have been agreed upon even without giving any time-frame, was that all 18 commodities under the indicative list of the IPC be covered by some form of an international agreement, arrangement or instrument. It was also agreed that countries which have not yet joined or participated fully in existing commodity agreements should do so.

53. The Draft Resolution on Compensatory Financing for Export Earning shortfalls proposed by the Group of 77 was at first rejected by Group B countries on the ground that UNCTAD was not an appropriate forum in which to discuss such matters. They argued that the IMF would be a more appropriate forum. However, the following issues were eventually discussed:

(i) the expansion and liberalization of existing facilities of the IMF, especially regarding liberal conditions;

(ii) the provision of STABEX-type facilities to all LDCs in accordance with the Paris Conference on LDCs;

(iii) the establishment of a new complementary financing facility for commodity-related shortfalls in export earnings of developing countries.

54. These issues did not seem to be very controversial. In this connexion, the IMF was urged to complete the review by its Executive Board on the Fund's Compensatory Financing Facility, and to consider the establishment of special arrangements for the benefit of LDCs. The Conference also agreed to set up an expert group on compensatory financing of shortfall on earnings and that its work should be completed by not later than 30 September 1984, and that the report of the expert group would be submitted to a special session of the Trade and Development Board not later than 31 December 1984.

C. ISSUES IN THE AREA OF INTERNATIONAL TRADE IN GOODS AND SERVICES

55. The issues in the area of international goods in goods and services comprised a list of proposals by the Group of 77 on "protectionism and structural adjustment; examination of the impact of the principles, policies and practices in international trade relations taking into account recent developments, including those in other international forums; policies to expand trade and promote development, particularly that of the developing countries". These are briefly reviewed in the next few paragraphs.

(a) Protectionism and structural adjustment

56. In the area of international trade in goods and services, the developing countries' main concern was the adverse effects of protectionism on their exports to industrialized countries. In this connexion, the Group of 77 called on the developed countries to avoid making retrogressive demands, such as for the first time requiring reciprocity in trade concessions by the developing countries, contrary to the Tokyo Declaration of 1973, as well as insisting on the "graduation" principle. The Group of 77 demanded the implementation of UNCTAD IV and V decision on standstill rollback and structural adjustment, in addition to making these decisions time-bound in their implementation.

57. With regard to structural adjustment programmes, the Group of 77 had called on developed countries to commit themselves to a sectoral approach to structural adjustment particularly in those areas where developing countries have a clear comparative advantage.

58. With regard to the international trading system, the main concern of developing countries was to review the existing trading system, its rules and principles with a view to making them more effective, universal in character and to meet the prevailing conditions in developing countries. While there was no major objection to this proposal, developed countries did not fully appreciate the concerns of the Group of 77. They argued instead that GATT was the appropriate forum to handle these issues. The developing countries did not accept this view because they firmly believed that UNCTAD, being more universal than GATT, was the appropriate platform. Therefore, instead of discussing substantive issues, the debate was derailed to discuss the role of UNCTAD versus GATT in these matters. The developing countries, nevertheless, stressed the increasing importance of international trade in services and therefore called for studies in this field to be handled by UNCTAD.

59. The divergence of opinions between various groups emerged during the negotiations on the proposal of the Group of 77, particularly in the following areas:

(i) On protectionism, the developing countries proposed a commitment on standstill and rollback measures while developed countries argued that a world economic recovery picks up, protectionism would gradually be eliminated. But this link was not acceptable to the Group of 77.

(ii) On the elimination of trade barriers, developed countries insisted on reciprocity and the acceptance of the principle of graduation of some of the developing countries. Group D, on the other hand, insisted that all groups should be bound by standstills on new trade barriers. Another long standing demand by developing countries was that the Trade and Development Board of UNCTAD should deal specifically with the rules and policies aimed at reversing protectionism and to set up a monitoring body to check on protectionist trends over a time-bound programme.

(b) <u>The generalized system of preferences</u>

60. Developing countries sought for the improvement of the generalized system of preferences (GSP), particularly with regard to the relaxation of procedures, increase of product coverage, its stability and non-discrimination. While these proposals appeared to be agreeable in principle, Group B countries insisted on the decisions of the Special Committee on Preferences and decision 75(S-IV) of the Board regarding the issues mentioned above, including coverage and rules of origin.

(c) Services

61. The issue of major concern in the area of services was whether UNCTAD should conduct any studies in this field, such as in trade facilitation, service industries such as data transmission, storage, engineering and consultancy, export credit and export insurance and marketing, and marketing information. The Group of 77 had proposed that besides the studies to be conducted by UNCTAD Secretariat, recommendations should also be made with respect to the establishment of mechanisms for multilateral co-operation in the field of services of particular importance to developing countries. The Group of 77 had also proposed that UNCTAD Secretariat should institute technical assistance programmes for developing countries in the fields of services and that the special problems of least developed countries in this area should be given due cognizance.

62. Group B countries did not agree with any of these proposals and argued that the GATT Secretariat was already adequately dealing with issues on services and that discussions in this respect had been brought to the attention of the GATT Ministerial Meeting in November 1982. It was thus inconceivable how UNCTAD's work should be based on, or take account of the happenings in GATT after GATT's Ministerial Meeting had, in fact, failed to reach agreement on these very issues which the developed countries were still insisting belonged to the GATT forum.

D. FINANCIAL AND MONETARY ISSUES

63. The issues of major concern to the Group of 77 were that the world economic situation had been severely hit by financial and monetary disorders. This was partly explained by the fact that export earnings of developing countries had failed to an unprecedented low level since World War II; debt servicing payments had risen dramatically and the total debt of developing countries was then over $700 billion excluding short-term debt; private lending to developing countries had been drastically reduced; and official development assistance (ODA) had stagnated to a level of less than half of the 0.7 per cent target agreed during the earlier sessions of UNCTAD.

64. The main thrust in the proposals of the Group of 77 was to reach an agreement on a series of actions which, together with other supporting measures in the area of commodities and trade, would significantly contribute to the development process and economic recovery. These measures should also be considered in the light of the contribution to be made in strengthening the international financial system and the process of recovery taking place in developed countries. It was assumed that this could be achieved through the restructuring of the existing institutions, especially the IMF and IBRD. The adoption of such policy instruments in the monetary and financial fields should be accompanied by multidimensional approaches to the IMF and IBRD policies.

(a) Special Drawing Rights Allocation (SDRs)

65. Developing countries wanted the Conference to take decisions that would contribute substantially to influencing the IMF's SDR allocations. The acute liquidity problems of developing countries, the stagnation in global reserves, the increased danger of inflation in developed countries and implications thereof for SDRs creation needed to be agreed upon. Therefore, the Group of 77 were looking for a decision to be taken with regard to immediate measures on SDR allocations, especially to have them increased to no less than US$15 million annually, and to the establishment of a link between SDRs and development finance. Group B countries merely acknowledged that the proposals were sound and would not prejudice the complex negotiations taking place in the Executive Board of IMF in this area.

(b) International Development Association (IDA)

66. The issue was twofold: firstly, to ensure that commitments made for disbursements and IDA-VI would proceed as scheduled. Secondly, for the Conference to take a decision leading to a substantial increase in the replenishment of IDA in real terms. No specific commitment was forthcoming from the Group B countries.

(c) Official Development Aid (ODA)

67. The Group of 77's proposal was essentially that resource transfers from developed to developing countries under ODA should be based on an increasingly assured, continuous and predictable, as well as on an equitable basis. Thus, developed countries were urged to take appropriate action to reach the United Nations target of 0.7 per cent of GNP to developing countries. In the case of least developed countries, developed countries were asked to meet their commitment with regard to the 0.15 per cent of their GNP to be provided to LDCs as official development assistance within the framework of the general increase of ODA flows to all developing countries.

68. Other important policy measures which were proposed by the Group of 77 relate to the increase of IMF quotas, the expansion and liberalization of the fund's conditionality, including a new low conditionality for medium-term payments to developing countries and the strengthening of surveillance over exchange rates.

69. Little was achieved by the Conference on the above issues and not even in the final text of the resolution which was adopted by the Conference. All substantial demands by developing countries were not only referred to the IMF which would continue to give close attention to these issues, but there was no commitment that developed countries would render support to the aspirations of developing countries in that forum. For instance, in the area of SDR allocations, the IMF was invited "to take these and other relevant factors into account in the forthcoming deliberations on the appropriateness of SDR allocation... and if the judgement is positive and other prescribed critieria are not, to make specific proposals to the next meeting of the IMF Interim Committee".

70. The Conference did not agree on any proposals such as the IMF surveillance or conditionality which sought the restructuring of the IMF so as to make it responsive to the development requirements of the Third World. In fact, Group B countries stated that a number of countries in their group had actually reached the target of 0.7 per cent while others had exceeded it. They also argued that on the average, the Development Assistance Committee (DAC) countries had actually increased their ODA by about 5 per cent per annum in real terms, and that a very small number of this group (non-members of DAC) had not yet reached the 0.7 per cent target.

(d) The World Bank (IBRD) and its lending programmes

71. Developing countries' proposals included a substantial increase in real terms of the World Bank's regular lending programme and to expand its capital base; the provision of the Bank's conditions of structural adjustment lending (SAL) before the end of 1983 so as to make them consistent with the prevailing socio-economic conditions. Again, very little was achieved by the Conference in respect of the above areas, particularly with regard to the substantial increase in real terms, of the World Bank's regular lending programme. The final position of the Conference was considerably watered down by Group B countries. As a result, the World Bank was merely invited to "consider" these proposals or merely to maintain the status quo.

(e) The external debt problems

72. With regard to debt problems facing developing countries, the issue was again two-fold. Firstly, the Group of 77 pressed for an agreement on the principle of generalized debt relief as a financial instrument for improving the external financial position of developing countries. Secondly, they called upon the improvement of the institutional arrangements governing debt relief, including the conversion of ODA loans into grants, especially for the LDCs and to review global guidelines governing debt relief in view of the grave debt crisis, including rescheduling.

73. The final position of the Conference showed that the Group B countries welcomed the position of the Group of 77 and confirmed that they were prepared, in cases of acute balance of payment problems, to consider measures for alleviating the debt service of developing countries in the content of appropriate multilateral forums. They also affirmed that all countries might grant ODA debt relief at any time to any borrower. However, the conditions under which such assistance would be granted were not specified. It would appear that the principle of the generalized measures on debt relief would in practice be reduced to bilateral arrangements, rather than the global commitment by the international community.

E. PROGRESS IN THE IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION (SNPA) FOR THE LEAST DEVELOPED COUNTRIES

74. The Buenos Aires Platform's proposal, placed before UNCTAD VI on the progress achieved in the implementation of the SNPA for the least developed countries, was based primarily on the SNPA itself and on other high level decisions taken within the framework of the Trade and Development Board. The critical areas of particular significance to the African LDCs (identified during the proceedings of the Conference) were: (i) Official Development Assistance (ODA) in terms of the transfer of 0.15 per cent of donor GNP as ODA to LDCs by 1985 or donors to double their ODA during this period; (ii) alleviation of ODA debts through a massive conversion loans into grants or consideration for complete write-off of debts and (iii) the establishment of a global STABEX-type scheme covering all LDCs and the full participation of industrialized countries and also the need for special consideration for financial compensation for shortfalls in the export earnings of the LDCs.

75. On aid targets and time-frame, there were no new commitments. The Group of 77 had hoped to obtain an increased number of developed countries to accept to transfer 0.15 per cent of donor GNP as ODA to the LDCs by 1985. Instead, most of these countries reiterated their earlier positions taken in Paris during the adoption of the SNPA. Of particular significance, are the interpretative statements made by two major DAC members (USA and UK), since the DAC of the OECD countries provide nearly 80 per cent of total aid flows to the LDCs and GDR on behalf of Group D.

76. On the issue of a global STABEX-scheme, the Group of 77 felt that by virtue of the membership of African LDCs in the ACP/EEC Lome Convention arrangements, LDCs should somehow benefit from the commodity stabilization programme of the EEC STABEX-scheme which covers 10 of the 18 IPC range of commodities. The participation of developed countries, which now operate individual schemes, is a necessary condition for the effective operation of skch a global system. The idea of a global STABEX was strongly opposed by major industrialized countries within Group B and, hence, they deliberately stalled the negotiations which eventually resulted in no agreement.

77. A positive element of UNCTAD VI in this regard was that it agreed to address a request to the IMF Executive Board to give special consideration to the LDCs during its exercise. This was achieved amidst bitter opposition from Group B who argued that the idea was contrary to the IMF Articles of Agreement on equal treatment to all its members, and that UNCTAD was not the competent body to address such an issue. It is, therefore, likely that there will be continued opposition to the "Special Treatment" for the LDCs. It is hoped that the African countries, members of the IMF Executive Board whether or not they are LDCs, would pursue the matter in the appropriate forums.

78. With regard to the review mechanisms, the proposals of the Conference of Ministers of African LDCs to extend the deadline for convening review meetings beyond 1983 was endorsed by UNCTAD VI in a recommendation to the General Assembly to allow the meetings to be held in 1984. This did not in any way imply that the African LDCs should delay the convening of their country roundtables consultative meetings. It was agreed that all the countries concerned should be able to identify a lead agency and to start the necessary groundwork for the meetings without further delay so as to avoid the adverse impact on the global mid-term review scheduled to take place in 1985.

79. At the end of the debate the Conference adopted Resolution 142(VI) on the progress in the implementation of the Substantial New Programme of Action (SNPA) by concensus and it contained a reaffirmation of commitments to implement the programme effectively. It also called upon donor countries to provide official development assistance to the maximum extent possible. However, such commitments fell short of expectations in so far as the developed countries (both West and East) did not subscribe positively to the negotiations on the "minimum" requirements of the LDCs for a successful implementation of the SNPA.

F. TECHNOLOGY

80. The major issues of concern to the Group of 77 relating to technology included the following:

(i) Restructuring the legal environment of technology through the International Code of Conduct on Technology; economic, commercial and developmental aspects of the industrial property system.

(ii) The establishment of national laws and regulations on the transfer, acquisition and development of technology and to avoid the adverse effects of the reverse transfer of technology. To this end, the Group of 77 recommended that the Paris Convention on Industrial Property should be revised, taking into account the interests of developing countries and that all countries should participate in the Code.

(iii) The technical and operational assistance provided by the Advisory Service on Transfer of Technology should be increased and strengthened to enable developing countries to formulate effective strategies for technological development, modalities for co-operation at regional and inter-regional levels and training facilities in technology, including the building up of data base and information systems on alternative sources and suppliers of technology.

(iv) New initiatives in the development of technology should be taken for the 1980s by which areas and issues of importance to developing countries should receive priority and urgent consideration, especially in critical sectors such as agricultural inputs, financing of technology, assimilation and effective utilization of technology, implications of technological dependence of women, and the role of small and medium-sized enterprises in the transfer of technology.

(v) There should be co-ordination and co-operation between UNCTAD and other relevant United Nations bodies, especially the United Nations Industrial Organization (UNIDO) and the World Intellectual Property Organization (WIPO) in the development, transfer, acquisition and utilization of technology. There should also be further elaboration of the strategy for technological transformation of developing countries.

81. The position of Group B countries was that all proposals by developing countries should be seen as a review of UNCTAD activities in the field of technology rather than as proposals. They pointed out that some aspects of the resolution, such as on measures and standards for marketing and promotion or trade of pharmaceutical products presented difficulties to them. They argued that the World Health Organization (WHO) would be more competent to discuss such issues. Group B also rejected the proposal put forward by the Group of 77 on the revision of the Paris Convention on Industrial Property. By adopting a resolution on the transfer of technology, the Conference agreed that the UN work towards an International Code of Conduct on the Transfer of Technology should be completed as soon as possible. The Conference also expressed its firm belief that further action towards technological transformation of developing countries required to be given urgent attention. Thus, UNCTAD Secretariat was asked to continue its work on the transfer, application and development of technology in areas of critical importance to developing countries.

G. SHIPPING

82. Under this item the main issues of concern to the Group of 77 were as follows:

(i) That developing countries should be granted credit on favourable terms and conditions so as to enable them to develop and expand their merchant marine, including actual ship-building industries.

(ii) National and international measures should be adopted to bring about structural change in the world shipping industry aimed at the removal of protectionism and monopolistic practices, and to eliminate the controls by transnational corporations.

(iii) There should be an early completion of the on-going international negotiations in the area of maritime legislation, marine insurance, loans and mortgages, the elaboration of model national maritime legislation and container tariff rules to suppress maritime fraud and piracy.

(iv) UNCTAD should elaborate a flexible international agreement on container standards; a standard form and model for multimodal transport documents; guidelines on the application of computer packages to multimodal transport; and draft a code of conduct for multimodal transport operators.

83. This Resolution was difficult to negotiate and the most controversial issue related to the question of ship registration, including an economic link between the vessels and flag states. The developing countries had asked that work in this area be finalized in accordance with General Assembly Resolution A/37/209. Furthermore, Group B countries were joined by Panama and Liberia in opposing the idea of economic link between vessels and the States in which they are registered.

84. Group B countries also attempted to introduce a draft text relating to the implementation of the Code of Conduct for liner conferences during these negotiations, especially as it relates to pre-shipment cargo controls and the exclusion of cargoes shipped by Third World Government Agencies. At first, the Group of 77 raised objections against the proposal on grounds that UNCTAD was not competent to discuss the implementation of such a code. However, they eventually accepted to engage into debate with developed countries on the matter.

85. The final Resolution which was adopted by the Conference asked the Secretary-General of UNCTAD to examine the structure of the world shipping industry with a view to identifying the causes and effects of protectionist policies and monopolistic practices. The Conference also urged that work on conditions for the registration of ships, including a genuine link between vessels and flags, as well as the need for flag states to exercise effectively their jurisdiction and control over the ships.

H. LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES

86. With regard to the land-locked countries, the proposals of the Group of 77 in this area sought measures for achieving inter alia the following objectives:

(i) facilitating measures and programmes to enhance the trade flows of land-locked countries, especially access of their products to the markets of developed countries;

(ii) assessment of potentials for restructuring of the economies of land-locked developing countries through the promotion of import substitution industries and the development of sub-regional and regional co-operation programmes in industry, energy, natural resources, trade, transport and communications;

(iii) the developed countries should increase their pledges to the special fund for these countries and honour their commitments in this regard.

87. The Conference agreed to urge the international community to continue with efforts to fully implement UNCTAD's resolution on specific action related to the particular needs and problems, including financial assistance for improving transit transport infrastructure in land-locked developing countries and their transit countries. Developed and developing countries in a position to do so were requested to pledge substantial contributions to the Special Fund for Land-locked Developing Countries.

88. On the question of the island developed countries, the concensus of the Group of 77 included the following:

(i) the need to increase financial support for the development of infrastructural facilities of all types, including feeder and inter-island services by sea and air;

(ii) assistance in attaining greater self-reliance in the priority sectors, including food and agriculture, industry, energy, fishing, transport and tourism;

(iii) increasing technical assistance by UNCTAD's Secretariat and the Secretariat of the International Civil Aviation Organization (ICAO) to these countries with a view to developing their air transport services, especially aimed at increasing linkages with other markets;

(iv) the provision of financial and technical assistance to support their planning and management of disaster risks, including the possibility of setting-up regional or inter-regional disaster insurance schemes.

89. The proposals of the Group of 77 on this issue emphasized inter alia the following:

(i) that the Socialist countries of Eastern Europe should contribute positively to the efforts of developing countries to diversify their trade patterns by increasing their imports from the latter, in particular, of manufactures and semi-manufactures;

(ii) these countries should improve the volume and quality of their economic assistance and fulfill the targets set out in the international development strategy and the substantive new programme of action for the least developed countries.

(iii) facilitate the financing of industrial development projects of developing countries, including the transferrability of the roubles in trade operations and multilateral co-operation schemes.

90. The resolution on the island developing countries was one of the least contraversial and was consequently supported by the international community without much debate.

I. TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS AND ALL TRADE FLOWS RESULTING THEREFROM

91. Group D countries did not make any commitment to the 0.7 per cent aid target. This was a great disappointment to developing countries in view of the socialist countries rhetoric for solidarity with developing countries. Another controversial area was with regard to the special fund aimed at providing credits for development purposes. The fund was established in 1973 and developing countries asked that it should start its operations immediately and that its conditions be improved. Group D on the other hand argued that since trade between East European countries and developed market economies had increased over recent years, they asked the latter to abstain from imposing new restrictions against their exports. By this position, Group D countries once again managed to side-track issues on which they should have taken positive measures in favour of developing countries.

92. Group D countries also argued that UNCTAD activities should include the promotion of trade between countries having different socio-economic systems. Group B countries, on the other hand, refused to give this mandate to UNCTAD on grounds that this was the work of the Economic Commission for Europe. In the end, there was no agreement on this issue and in-so-far as the developing countries were unable to have their proposals accepted, the issue remained unresolved.

J. ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES (ECDC)

93. At the end of the debate, the Conference adopted resolution 145(VI) which inter alia called upon developing countries, socialist countries of Eastern Europe and the developed market economy countries to continue to implement previous resolutions of UNCTAD on this subject, and, in particular, to expand multilateral forms of economic co-operation. It also called upon the socialist countries of Eastern Europe to give new impetus to their co-operation, as well as the extension of long-term intergovernmental agreements covering areas of trade, especially in manufactures and semi-manufactures.

94. In the end, resolution 139(VI) was adopted on UNCTAD's activities in the field of economic co-operation among developing countries. This resolution was, however, rather weak in-so-far as the Group of 77 had wanted full implementation of UNCTAD programmes on ECDC and the word "full" was dropped.

Group D countries maintained that UNCTAD was not the only body dealing with ECDC activities. However, the Conference agreed to provide assistance to sub-regional and regional economic integration schemes. The UNCTAD Committee on ECDC which met in September 1983 was mandated to continue its work.

K. ASSISTANCE TO NATIONAL LIBERATION MOVEMENTS RECOGNIZED BY REGIONAL AND INTERNATIONAL ORGANIZATIONS

95. The main proposals by the Group of 77 on this issue centred on the following aspects:

(i) the need to monitor and investigate the policies of the Israeli occupation authorities on the economic development of the occupied Palestine territories;

(ii) the need to undertake a special indepth study of the economic conditions of the oppressed people of South Africa and Namibia, along the same lines of the study done for pre-independent Zimbabwe.

96. The question of assistance to national liberation movements provoked considerable debate. At the end, resolution 146(VI) on assistance to the Palestinian People was adopted by a roll call of 84 in favour, 2 against and 20 abstentions. The second resolution 147(VI) on assistance to the peoples of Namibia and South Africa was also adopted by a roll call vote of 84 in favour, 1 against and 19 abstentions. These resolutions re-affirmed the position of the Group of 77.

L. INSTITUTIONAL MATTERS

97. Proposals put forward by the Group of 77 included the following:

(i) that existing international institutions would not be adequate to provide the organizational capabilities to deal with increased problems of international trade. They, therefore, advocated the creation of a comprehensive International Trade Organization to deal, in an integrated manner, with all aspects relating to trade and development;

(ii) that UNCTAD should be granted the operational and budgetary flexibility and commensurate authority be given to the Secretary-General of UNCTAD in order to effectively implement all UNCTAD resolutions;

(iii) that the Conference should consider the creation of a high level consultative machinery within UNCTAD which should meet at least every two years to review the progress on international trade and development.

98. The Conference did not reach agreement on either of the texts submitted by both the Group of 77 and Group B. The draft text by Group of 77, supported by Group D and China, had requested that the Trade and Development Board should undertake an in-depth study of the ways and means of bringing into existence a comprehensive international organization to deal with all aspects of trade and development in an integrated manner. Group B countries, on the other hand, would have wished to redesignate the Working Party on Medium-Term Plan and Programme Budget as the Working Party on Programme Planning, Co-ordination and Budget with specific terms of reference.

99. Resolution 148(VI) on Institutional Matters was, however, adopted, which referred draft resolutions of the Group of 77 and Group B countries for consideration by the Trade and Development Board.

PART IV - A CRITIQUE ON THE FAILURE OF UNCTAD VI: AN AFRICAN PERSPECTIVE

I. EXPECTATIONS, MYTHS AND REALITIES

100. A general consensus that seems to have emerged from the results of UNCTAD VI was that it was a total failure. The basis theme of "development and recovery" became more of a myth than a reality. The Group of 77 in general openly expressed their dissatisfaction at the outcome, while the African Group in particular came out virtually exasperated after realizing that the current economic crisis through which they are undergoing cannot be addressed by the UNCTAD forum. The industrialized countries (both West and East) quietely admitted such failure but were not surprised by the outcome. Some observers especially in the developing countries even hold the view that UNCTAD VI epitomized the total collapse of the international negotiating machinery in the field of trade and development. This part therefore deals with an assessment of the results of UNCTAD IV against the background of the Buenos Aires Platform and the Libreville Memorandum.

101. It has been demonstrated in Parts I and II of this assessment that preparatory arrangements for UNCTAD VI were so far the most elaborate and well thought out. The Group of 77 countries met at regional levels during which they produced the most comprehensive position papers. These regional positions were carefully discussed, analysed and assessed during the Fifth Ministerial Conference of the Group of 77 held in Argentina in April 1983 into "The Buenos Aires Platform. The document was circulated well in advance of the session to allow other groups adequate time to study it. In terms of political support and commitment no previous session of UNCTAD had generated as much concern at the highest level as UNCTAD VI. For instance, in order to indicate its significance, the Buenos Aires Platform was presented to the Conference by His Excellency General Reynaldo Bignone, then President of the Republic of Argentina. In addition, other prominent Heads of State and Government of the developing nations supported the position of the Group of 77. 23/

102. In addition, the Seventh Conference of Heads of State or Government of the Non-aligned countries held in New Delhi in March 1983 devoted great attention to

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23/ The following key figures from the Group of 77 travelled to Belgrade and addressed the Conference: President of the Council of Ministers of Bangladesh; President of the Egyptian Arab Republic; Prime Minister of Zimbabwe and the Prime Minister of India. Messages and good wishes were also read at the Conference from the Heads of State and Government of Algeria, China, Colombia, Cuba, Guinea, Kenya, Maldives, Mongolia, Nicaragua, Peru, Somalia. Dr. Raul Prebisch, former Secretary-General of UNCTAD also addressed the Conference. Other heads of state government from the other groups also addressed the conference.

the world economic crisis especially as it affects the developing countries. 24/ It noted with concern particularly the fall in export earnings of these countries; the increasing external debt; the high interest rates on external borrowing; and reduction in the flow of resources to the developing countries. The Conference urged UNCTAD VI to make concrete proposals for the management of the world economy consistent with the requirements for growth, employment and development, paying particular attention to the impact of international trade, monetary and financial system on the development processes of the developing countries.

103. Subsequently, the Heads of State of seven industrialized nations at their annual summit conference held in May 1983, adopted the "Williamsburg Declaration on Economic Recovery". 25/ The Summit welcomed the results of the Conference of Non-aligned Nations referred to earlier and the Buenos Aires Platfom, and commited themselves to "engage with understanding and co-operation" in the UNCTAD VI negotiations.

II. THE MAJOR FAILURES OF UNCTAD VI

104. From the analysis provided in Part II of this report, it is evident that UNCTAD VI failed in a number of significant areas. These are briefly outlined below:

(a) World development and recovery: Although there was a general consensus on the world economic crisis and on the need for "development and recovery", the Conference was unable to agree on a common solution to the crisis. The developing countries sought ways in which they could be made an integral part of that solution within the framework of international economic inter-dependence. The industrialized countries, on the other hand, percieved such recovery as originating in their nations and subsequently spreading or "spilling over" to the developing countries.

24/ For full details of the Conference, see, Final Declaration of the Seventh Conference of Heads of State or Government of Non-Aligned Nations held in New Delhi, India, from 7 to 12 March 1983. (Review of International Affairs, Volume XXXIV, No. 792 Belgrade, Yugoslavia.

25/ The seven nations were the United States of America, United Kingdom, Federal Republic of Germany, France, Canada, Japan and Italy.

(b) Collapse in world commodity prices: The developing countries expressed great concern at the collapse in their commodity prices and sought measures to prevent a further fall in such prices and to increase export earnings. The industrialized countries, however, attributed such fall to world market forces over which they claimed they had no control. Although various programmes were agreed to improve the commodity trade, these measures treated the symptoms rather than the major causes of such a collapse.

(c) Financial and monetary crisis: There was a general agreement on the need to restructure the framework for monetary and financial relations. However, no general consensus appeared to have emerged on how this was to be achieved. For instance, the developing countries wanted to negotiate a package of policy measures that would inter alia, increase the flow of capital and official development assistance into their economies. They also sought measures to increase the flow of private loans on reasonable terms and conditions; a reduction in their debt burdens; an increase in the resources of the Bretton Woods institutions (World Bank and IMF) and a review of the structures of these institutions to make them more responsive to the development needs of the developing countries. The industrialized countries merely took note of these demands but put forward no concrete proposals to implement them.

(d) Trade in goods and services: The developing countries were genuinely concerned about the tendency towards increased "protectionism" in the industrialized countries. They sought internationally agreed measures that would improve the access of their manufactured and semi-manufactured goods into the markets of the industrialized nations. The industrialized countries, while acknowledging that protectionism was detrimental to an orderly growth of international trade, refused to commit themselves to the adoption of a concrete programme of action towards dismantling protections against the developing countries.

105. These and other aspects constituted a significant failure of UNCTAD VI in so far as they encompass a whole range of major factors in international trade, monetary and financial relations. This has now generated doubts in the minds of many policy makers in developing countries as to whether their future development objectives and priorities can be set within the framework of UNCTAD negotiations with any reasonable degree of optimism.

III. WHY DID UNCTAD VI FAIL?

106. Despite these meticulous preparations and the unprecedented political commitment and backing, the results of UNCTAD VI were far from the expectations of the developing countries. The question that constantly emerges in the minds of many observers is: Why did UNCTAD VI fail? There are evidently a host of fundamental and critical factors which accounted for this impasse. It would not serve any purposes to put the blame on any one particular group. Rather the failure resulted in the deep-rooted inadequacy of the UNCTAD institution itself to respond effectively to the world development needs especially those of the

developing countries. The failure also reflected the differences in the conceptual approaches to the negotiations as governed by the vested interests of each individual group against the interests of the other groups. This has been further elaborated in the next few paragraphs.

(a) The position of the Group of 77

107. The Group of 77 to a lesser degree is to blame for the failure of UNCTAD VI as the other groups. The following three factors demonstrate this point:

(i) The Group of 77 seems to place all the blame for their problems of development on the industrialized countries but no attempt has been made for a realistic analysis of its own contribution to the world economic crisis. For instance, in the light of the central theme of the Conference, namely, "development and recovery", the Group of 77 argued that the development process of poorer nations could no longer be enhanced by the adoption of isolated policy measures, but rather through the adoption of closely inter-related short, medium and long-term measures in the areas of commodities, trade, money and finance, However, experience in the last 19 years or so of UNCTAD's existence had shown that partial approaches had only made minimal contribution to the development process of the Group of 77, especially for the LDCs, in terms of their economic growth and self-sustainment. There is an implicit assumption that the responsibility for this lies in the Governments of industrialized nations. But what specific action has this group taken to contribute towards the implementation of the global programme for world recovery?

(ii) There has not been an attempt by the Group of 77 to understand the problems faced by the industrialized nations in ensuring their own continued growth. The Buenos Aires Platform called on developed countries to work out through UNCTAD and other institutions a set of practical and realistic policies which would be responsible to the development requirements of developing countries, through democratization and increased participation by developing countries in global world economic relations. For instance, recent summit of the Heads of State or Government of the industrialized nations clearly indicate that they also face liquidity problems and tighter budgets. 25/ It cannot be

25/ See for instance the proceedings of the Williamsburg Summit and the recent meetings of the Heads of State of the European Economic Community.

denied that the industrialized nations have vested interests and wish to maintain the "status quo" for obvious reasons. However, it would have been in the interest of the Group of 77 to analyse a select number of key sectors of the economies of the industrialized nations so as to make a realistic assessment of many of their excuses advanced.

(iii) The Group of 77 has not undertaken a comprehensive review of the structures and mechanisms for mobilization of domestic resources to support their own structural adjustments and recovery programmes. For instance, they never seem to recognize that together they control the largest share of the world's tin, manganese, uranium and many others including agricultural raw materials and primary commodities. Consequently, they do not seem to use such resources as a bargaining tool individually or collectively vis-a-vis the industrialized nations. One basic problem of developing countries is the absence of adequate or effective institutions for managing the development process. As a result, foreign investments, official development assistance and external loans have failed to generate the development momentum required for a sustained economic growth. This cannot be blamed upon the lack of interest by the industrialized nations on the problems facing the Group of 77.

108. The sum total of these factors is that the Group of 77 approached UNCTAD VI and indeed all the preceding sessions not as equal partners in a real negotiation but rather as "beggers". This placed them in a permanently weaker bargaining position whereas the industrialized nations are elevated to an undeserved honour of being benefactors and redeemers of the developing poor. This rather negative and self-defeating attitude has to change before a meaningful dialogue can be entered into with the industrialized countries.

(b) The position of the developed market economy countries

109. The industrialized countries of the market economy countries approached UNCTAD VI with indifference and total lack of concern or commitment. On a number of issues, they retracted from their earlier commitments not only in other fora but also including those in UNCTAD; delayed decisions on issues by requiring them to be debated further at lower levels or other bodies; and by urging that nothing should be done to disturb their process of "recovery which if allowed to proceed unabated would in turn rescue the economies of developing countries. The truth of the matter is that although the economies of many industrialized countries have been affected by the world recession, this has not been to such a severe extent as on economies of developing countries. Group 3 argued that their economies are characterized by declining industrial production and investment resulting in large scale unemployment, inflation, mounting interest rates, unstable exchange rates and increased protectionist measures. The developed countries therefore argued that these problems are cyclical in nature and require a policy mix aimed

at bringing about economic recovery. They advocate in this regard that their possible solutions should include appropriate consumer demand management deflationary policies, increased investments in directly productive sectors and a decrease in nominal rates of interests. These policies, according to industrialized countries, would continue to strengthen and consolidate world economic recovery as seen in the last two years.

110. For instance speaking on behalf of EEC, Dr. Otto Graf Lambsdorff, Federal Minister of Economy of the Federal Republic of Germany and President of the Council of the European Community, summarized the views of industrialized market economy countries in connection with the process of economic recovery and development as follows: "Resumption of growth in a number of important industrialized countries will have an impact on the economic situation in all parts of the world. The process is only beginning. However, it is for us to expand it so that it becomes a lasting reality. We must ensure that it extends to cover all countries". 27/ He did not elaborate clearly how this would be achieved.

111. The developed market economy countries argued in favour of the "trickle-down effects" of recovery on their economies as a way of helping to re-activate economic development in the developing countries. Similarly, the United States of America viewed UNCTAD VI as a continuation of its own perception of the North-South dialogue as was made clear in the opening policy statement by its representative which indicated, among other things, that sudden changes in the rules for investment or financial transactions, or massive shifts in financial resources or trade practices, would inhibit rather than promote overall economic activity. 28/

(c) The position of the Socialist countries of Eastern Europe

112. It is equally significant to state that from the point of view of the Group of 77, the centrally planned economies of Eastern Europe also failed to make any positive contribution towards the central theme of development and recover. These countries maintained their well-known rhetoric of blaming the West for the economic turmoil of the world. They failed to show how the transformation of developed socialist countries of Eastern Europe could provide significant solutions or positive measures to overcome the international economic crisis especially as this affects the developing countries. In areas where every one expected them to make tangible and material sacrifices, such as for instance, in strengthening trade co-operation and aid between the centrally planned economies and developing countries, the interest of the later were sacrificed in pursuit of the former's

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27/ Speech before the plenary (par. 3) Belgrade, Yugoslavia, 7 June 1983.

28/ Statement of US policy by Honourable Kenneth W. Dam at UNCTAD VI Belgrade, Yugoslavia, 13 June 1983.

interests vis-à-vis their rivals of the Western powers. This was demonstrated for instance, by their insistence to open debate on some aspects of "the East-West confrontation" which in effect did not advance the cause for which UNCTAD VI had been convened.

(c) The lack of a common platform for negotiations

113. Right from the beginning therefore one could notice that the Conference faced logistic and institutional difficulties of agreeing on a common negotiation platform. This was because of the fundamental differences of the groups especially in their understanding of the underlying causes of the world economic crisis as well as of their conceptual approach to possible remedial measures. Apart from the group attitudes mentioned above, which were general in nature, there were also differences on specific areas on key issues of vital importance to the economic growth of the developing countries. These issues are discussed in some detail in III which reviews, assesses the various positions under respective sector. For the moment, a short review of the negotiating process at UNCTAD VI would help clarify the fundamental differences among the various group interests.

114. As is now well known, during the past twenty years, there has evolved a tradition within the United Nations system and in UNCTAD in particular for a negotiating approach by groups. Hence, the negotiating process during UNCTAD VI took the form by which the Group of 77 on the one hand, confronted the developed countries of the OECD (Group B) and the centrally planned economies of Eastern Europe (Group D) on the other hand. At the same time, Group D as well as China on its own confronted Group B. This approach was politically convenient but tended to result in the "polarization" of interests which often prevented a break-through in the negotiations on any major issue. At the same time, it resulted in time-consuming futile exchanges in which the main issues of concern to the Group of 77 were often side-tracked or are relegated to a place of insignificance.

115. This in part explains why it was not easy to establish whether Group B countries were less prepared or deliberately chose to appear so at UNCTAD VI. This led Group of 77 to believe that this was their strategy for aborting the negotiations. Thus, on a number of issues for which the Group of 77 had definite draft proposals, resolutions or decisions, the developed countries often offered non-constructive counter proposals. Many of the counter proposals, tended not only to delay the evolution of concensus on issues under consideration but often had to be further modified in order to take account of the continual revised positions were no longer tenable. Some moderate members of Group B, in particular the Scandinavian countries, were forced to tow the Group line at the expense of their own earlier declared position thereby sacrificing the interests of the developing countries.

116. At the Group of 77 level, the situation was never always clear-cut either and there were instances where a group position was never fully defined. For instance where the interest of one sub-group was at stage, there was always no obvious rush to offer solidarity by other sub-groups within the Group of 77. 29/ Thus there was an obvious need to strengthen the co-ordination among the composite regional groups within the group of 77 on all relevant issues. A case in point arose in the area of basic interest for the African region, such as the issue in the least developed countries where no firm support was forthcoming from the other groups. Therefore, countries whose interests were not basically in jeopardy during the negotiations may have also contributed to the failure in arriving at the most concrete results at UNCTAD VI.

IV. THE CONSEQUENCES OF THE FAILURE OF UNCTAD VI ON INTERNATIONAL ECONOMIC SYSTEM

117. The failure of UNCTAD VI has developed a serious crisis of confidence in the international economic system, especially from the point of view of the African countries. Part of this phenomenon stems from the institutional characteristic of the negotiation process itself. It has become quite evident that some industrialized countries have come to regard UNCTAD session no more than an international "begging house" where one sits to listen to the long list of grudges and complaints from the developing countries. At the other end of the spectrum, some developing countries have come to regard these sessions as a philantropic forum through which the developed countries demonstrate their magnaninity. Several factors therefore, accounted for the failure of UNCTAD VI among which are the following:

(a) The absence of adequate consultative machinery in International Monetary and Financial Relations

118. The basic problem that has destroyed confidence in international monetary and financial relations in general and UNCTAD in particular is the absence of adequate and effective machinery for global consultations in these fields. The Articles of Agreement establishing the international Monetary Fund (IMF) provides as one of its major objectives, to promote international monetary co-operation through a permanent institution which provides the machinery for adequate consultation and co-ordination on international monetary problems, and to give confidence to its members by making the IMF resources temporarily available to them under adequate saveguards thereby providing such countries with the ability to adopt measures to deal with the balance of payments deficits without resorting measures destructive to their national or international prosperity. However,

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29/ This was particularly evident in the decision on shipping where there were differences in the ranks of the Group of 77.

in recent years the world has witnessed the emergency of "unilateralism", that is, the tendency by the major developed countries of the OECD, especially the United States of America as well as the Socialist countries of Eastern Europe, to adopt policies which have global impact especially in developing countries, without consulting those countries most severely affected by such policy. It has been observed that the industrialized countries wishing to take major monetary decisions, usually consult with one another but do not consult or forewarn the developing countries.

119. UNCTAD has not been equipped to deal with these problems. This issue has been exacerbated by the apparent inability of the Bretton Woods Institutions (the IMF and the World Bank) to fully respond to pressing needs of the developing countries and more particularly the least developing amongst them, especially in terms of increased flows of resources to these countries. In addition, the incidence of increasing external indebtedness of the developing countries which has resulted from the deepening recession and anti-inflationary policies in the OECD countries, have contributed to the deterioration of financial reserves of the developing countries and also the increasing debt servicing payment. At the same time the increases in the interest rates, especially in the United States of America and the fluctuations in exchange rates, have further aggravated the debt problems of developing countries.

(b) The absence of real dialogue in international trade relations

120. The basic problem of UNCTAD which has considerably contributed to the lack of confidence in the international economic system is the absence of a real and meaningful dialogue in international trade. 30/ Moreover, the declining of the export earning power of the developing countries resulting from the continuing fall in prices of commodities especially in the early 1980's has really dashed the hopes of the developing countries. This fall in prices is generally blamed on "world market" prices which are however, deliberately manipulated by the major transnational corporations supported or condoned by their home governments.

121. There seems to be no practical measures to restore confidence in the international trade relations through a review of mechanisms for the functioning of UNCTAD and the GATT to suggest better ways in which these institutions can cope with the international trade and development. Furthermore, no new system of international trade dialogue is developed to provide adequate consultative mechanism between the developed and developing countries in trade matters, especially against the introduction of trade barriers and restrictions.

30/ This is also true of the General Agreement on Tariffs and Trade (GATT) and the ACP-EEC Lomé Convention which have failed to live up to the expectations of developing countries.

(c) The lack of machinery for implementation of resolutions adopted in the international forums

122. An institutional and operational problem which has eroded confidence in UNCTAD is the absence of an effective mechanism for implementing and or the follow up on resolutions or decisions. A review of the resolutions adopted within UNCTAD since the first session seems to indicate that practically all resolutions addressed to member States have virtually not been implemented. 31/ In fact, it would appear that one of the quickest ways of killing an important issue in UNCTAD is to adopt a resolution especially where there is no effective international mechanism for compelling or persuading sovereign States to comply with resolutions, especially those on which they have abstained or voted against. The only UNCTAD resolutions which so far have had a chance of being implemented are those addressed to the Secretary General of UNCTAD. Such resolutions are usually confined to requesting for studies or reviews to be made and for the Secretariat to report back the findings to the legislative authorities.

31/ As an illustration of this point, UNCTAD I adopted 59 recommendations covering all aspects of trade and development; UNCTAD II adopted 35 resolutions, decisions and declarations; UNCTAD V adopted 35 resolutions, recommendations and decisions; and UNCTAD VI adopted 32 statements, resolutions and decisions.

PART V - AN AFRICAN PLATFORM FOR NEW INTERNATIONAL DIALOGUE

I. SUMMARY OF CONCLUSIONS

123. The failure of UNCTAD VI as demonstrated in Part IV has provoked a critical question for African countries: where do we go from here? This questions stems from serious doubts as to whether the structure of negotiations within this institution can be adequately restructured to meet the real needs of the developing countries. As was indicated in the Introduction, the developing countries seem to have obtained less and less at each successive session of UNCTAD. 32/

124. It should also be stressed that decisions in UNCTAD are no longer purely economic and are governed by strong political considerations. There is therefore an urgent need for Africa to set a platform for a new international dialogue based on the principles laid down in the Lagos Plan of Action and the Final Act of Lagos. The recently industrialized nations in Asia and Latin America were in the state of underdevelopment about a decade ago but had to determine their own platforms for a development dialogue. Such a dialogue must be based on the recognition of the following fundamental principles:

(a) that the African economic crisis is far the worst ever recorded globally; Africa especially South of the Sahara, has the lowest level of per capita incomes as indicated by the presence of the largest number of least developed countries; the smallest industrial, manufacturing and technological base for achieving a self-sustaining growth process; food shortages have reached a crisis proportion, has the largest proportion of the rural poor who live in abject poverty mostly at below subsistence levels; very high infant mortality and very low life expectancy; and the largest number of countries affected by the drought and hence hunger, poverty, malnutrition and human degradation. In this regard, it must be stressed that before long Africa will not only be the poorest area of the world but probably the only underdeveloped region. 33/ It hardly needs emphasizing that this situation is extremely serious and calls for drastic action to be taken to redress it and a great deal of re-thinking.

32/ For instance, the goodwill that was evident in UNCTAD I gradually diminished into rigid positions of the industrialized countries (East and West) from which they have persistently refused to retract.

33/ See also ECA and Africa's Development 1983-2008: A Preliminary Perspective Study, Addis Ababa, April 1983.

(b) that the responsibility for the development of the African continent lies primarily in the hands of the African themselves. 34/ Such development must be based on African production, marketing and distribution structures using its own natural resources, technical and managerial resources and based on a new effective and intensive machinery for domestic resources mobilization and utilization. This should be accompanied by a new long-term development management policy and programme for rational utilization of such resources in a manner that can really generate self-sustained economic growth.

(c) that Africa has virtually all basic resources (natural and human resources) it requires for generating development. Africa also has an immense bargaining power with the industrialized countries provided such power is recognized and effectively utilized. Consequently, in drawing up a platform for a new dialogue, due cognizance must be given of the fact that international negotiations can only be meaningful if all parties recognize their potential power. The African countries should immediately dispense with the feeling of inferiority in the presence of other parties and rightfully assert its position taking into account the genuine problems (if any) which the other parties may present. To this end, it must be stressed that the industrialized countries still need minerals and agricultural primary commodities from Africa. At the same time, more than 30% of the total exports of the major industrialized countries is absorbed by the developing countries. Therefore, a collapse in international negotiations would also harm the economies of the industrialized countries especially in increased unemployment as it will harm Africa.

(d) that collective self-reliance as envisaged in the Lagos Plan of Action at subregional, regional and inter-regional levels within the framework of the South-South Co-operation (ECDC) offers a viable means of responding to the collapse in the present structure of international negotiations. This is all the more imperative because "protectionism" in industrialized countries cannot be dismantled overnight and there is therefore no reason to believe that access of African manufactures and semi-manufactures into the markets of the industrialized nations will significantly improve within the foreseable future. It must also be stressed that it is not in the best interest of the industrialized countries to change the status quo by which Africa consumes what it does not produce and produces what it does not consume.

34/ See also "African Declaration on Co-operation, Development and Economic Independence" adopted by the African Heads of State and Government on 25 May 1973; paragraph 13 of the Lagos Plan of Action; "Addis Ababa Declaration on the occasion of the Silver Jubilee Anniversary Celebration of the United Nations Economic Commission for Africa", Addis Ababa, April 1983.

(e) the African Governments must enter into new commitments for asserting and exercising sovereignty over their natural resources within the context of the New International Economic Order. 35/ The countries must take their own initiatives towards structural adjustments programmes to link resource availability including foreign aid and technical assistance to productive activities that would enable them to deal effectively with the current economic crisis. Priority should also be given to food and agricultural production to ensure food security and food self-sufficiency as an important and integral part of any international co-operation activity.

II. THE PLATFORM FOR A NEW INTERNATIONAL DIALOGUE

125. The African Platform for a New International Dialogue has to be envisaged at the national, subregional, regional and international levels within the context of both the South-South and North-South Co-operation. Each level of activities should be designed in such a way as to be supportive as well as complementary with other related programmes taking into account the realities of interdependence of nations. The following proposals are put forward as a means to initiating such a dialogue.

A. DIALOGUE AT NATIONAL LEVEL

126. An empirical review of the international negotiating process seems to reveal that by far the weakest aspect of Africa's bargaining position is evident at national level. This is due to several factors: (i) there is poor economic management and misallocation or misuse of resources coupled with corruption and wastage of public funds, including foreign aid, loans and investment. At the same time countries are unable to effectively utilize foreign and domestic resources to generate further incomes; (ii) most countries have no clearly defined monetary, fiscal and financial policies which are directly linked to the country's development objectives and priorities. As a result, domestic resources are never fully utilized towards addressing the economic crisis facing them; (iii) there is no single institutional machinery within the government to review, assess and co-ordinate foreign aid programmes and policies of the donor countries with national development objectives and priorities; and (iv) most countries do not have full knowledge or information about their own natural resources including minerals as well as the structures of its technical and managerial skills. As a result, most countries

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35/ See General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order.

are often not aware of the strong existing or potential bargaining position which they have vis-a-vis the rest of the world. This greatly reduces their ability to negotiate effectively and to their advantage.

127. It is therefore proposed that a national dialogue be instituted in each country as a matter of priority to clearly articulate the country's policy towards the rest of the world in international trade, monetary and financial field. Since UNCTAD deals with development issues embracing all economic sectors, a Permanent National Co-ordination and Consultative Committee on International Affairs should be established at Ministerial level composed of all cabinet ministers. Among its functions, such a high powered committee would review, assess and monitor, on a regular basis, the decisions taken within UNCTAD, GATT, IMF, World Bank and ACP-EEC, and how such decisions affect the country's development process and recommend to the Head of State or Government any appropriate action required either to maximize advantages from such decisions or to protect itself from any possible adverse effects therefrom. At the same time, the Committee would ensure the implementation of international decisions as required at national level.

B. DIALOGUE AT INTER-AFRICAN LEVEL

128. The Lagos Plan of Action and the Final Act of Lagos, laid down the platform for dialogue at inter-African level, in matters relating to international trade, monetary and financial relations. At subregional level, some form of dialogue has taken place on a continuous basis in the past through the subregional inter-governmental economic, trade and monetary organizations. _/ However, it is not clear whether these groups do really discuss developments in international economic relations with a view to adopting a common position in matters of importance to them. At regional level, consultations have been taking place within the framework of the ECA Conference of Ministers and its subsidiary sectoral Conferences, meetings, seminars and workshops at ministerial or official levels. The major setback of this form of dialogue is that being sectoral in nature, they tended to leave out issues dealt with by other sectoral bodies. __/

129. The following areas are therefore proposed as a platform for new dialogues at the African level:

(i) Regional food security and food self-sufficiency should constitute the cornerstone for a new dialogue within the current economic crisis facing the African region. This is also an area through

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36/ Such as for instance, the African Development Bank, (ADB); Economic Community of West African States (ECOWAS); Economic Community of Central African States (ECCAS); Economic Community of the Great Lakes (CPGL); Preferential Trade Area for Eastern and Southern African States (PTA); and the Southern African Development Co-ordination Conference (SADCC) to name only a few.

37/ For instance, the Conference of Ministers of Trade, or Industry or Agriculture or Transport often confine themselves to a dialogue on issues in their specific spheres of competence.

which the African bargaining position in the international forums can effectively be strengthened. Hitherto no co-ordinated action has been taken in this field and the ad hoc measures that have been instituted at national level have often failed to produce the required impact. Therefore, the secretariats of the Economic Commission for Africa and the Organization of African Unity should be requested to jointly prepare a comprehensive inventory of the food and eating habits especially of staple food grains and root crops. These should be matched against existing production, storage and distribution structures in all African countries. An intensive training campaign should then be mounted in all countries, especially the drought-stricken areas, to introduce new staple food grains and dietary habits in places where the traditional foodgrains can no longer be grown. Collaboration should be sought from other organizations such as UNCTAD, Food and Agriculture Organization (FAO), World Health Organization, World Food Council to implement this scheme, especially also to continue the current programme instituted by the United Nations Secretary General and co-ordinated by the Executive Secretary of ECA when it is phased out.

(ii) the second integral part of this dialogue should involve an intensive programme to increase the trade and exchanges of African produced goods and services in order to reduce our dependence on external markets. Since Africa is faced with a serious economic crisis the days of paying lip-service to intra-African trade are over. New and serious dialogues should be conducted primarily within the existing subregional groupings to really look for new opportunities in trade among the African countries. The African market is presently exploited by foreign interests from North America, South East Asia, Japan, Western and Eastern Europe. New positive attitudes towards African-made goods should be encouraged as a means of ensuring collective self-reliance and of enhancing further growth. To this end, the establishment of supporting institutions such as the African Common Market, the African Payments and Clearing Arrangements and the African Monetary Fund should be speeded up so as to make them operational ahead of schedule.

(iii) an important aspect of the African dialogue is the noteworthy precedence set by the African Economic Summit of the Assembly of Heads of State and Government of the Organization of African Unity held in Lagos in 9 April 1980. This should be maintained on a regular basis. Therefore, a recommendation should be made to the African Heads of State and Government to hold an economic summit once every two years to receive a progress report on the international trade, monetary and financial situations. Such a dialogue would enable African Heads of State or Government to keep up-to-date with world economic issues and how such issues affect the political developments in the country. The summit would also be an appropriate forum for

providing new political directives necessary for an effective common African position in dealing with matters within the UNCTAD and other international forums. Such an economic summit should always be preceded by an African Ministerial Conference on Economic Development to which all ministries should participate.

C. SOUTH-SOUTH DIALOGUE

130 A great deal has been said in the past about the need for a more fruitful South-South dialogue as a means of strengthening the collective bargaining position the developing countries within the UNCTAD and other international forums. In this regard, the coming into being of the Group of 77 spearheaded a new form of dialogue among developing countries. At the same time, the "Arusha Programme for Collective Self-Reliance and Framework for Negotiations" and the "Caracass Programme of Action" have greatly improved the understanding of issues of common interest among developing countries. However, not much concrete achievement can be claimed because the various groupings in the South, as well as individual countries, continue to place a high priority on preserving the North-South links. For a new and more meaningful dialogue to take place among the countries of the South, the following proposals should be considered:

(i) The Group of 77

131. The Group of 77 should consider instituting a new system for follow-up action on the implementation of the resolutions adopted at UNCTAD sessions in close consultation with the Non-Aligned Nations Movement. An evaluation and assessment of their major concerns should be made at regular intervals between any two sessions of UNCTAD to ensure that maximum benefit is derived by all countries concerned from the implementation of such decisions and resolutions. Such a review should take place at least once in every two years and should be at ministerial level. Part of such a system should be to determine what role the Group of 77 itself can play in the implementation of decisions adopted at UNCTAD sessions. 38/ This proposal is all the more relevant because hitherto no comprehensive assessment has been made by the Group of 77 of the results of any UNCTAD sessions. This somewhat reduces the effectiveness of the Group's strategy due to lack of continuity and consistency.

(ii) Conference of Non-Aligned Nations

132. Another important area in which the South-South dialogue can really be enhanced is within the framework of the Non-Aligned Movement. As is well known the Non-Aligned Countries have over the years played a catalytic and significant

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38/ It is no secret for instance that a good number of countries in the Group of 77 have not signed or ratified the GSTP. How then can they criticize the other groups for not meeting their commitments?

role in stimulating the awareness of developing nations about their economic problems and also as a pressure group in various international forums. For instance, the convening of UNCTAD I in 1964 was the first of a series of international forums in dealing with developing countries' economic issues but it was not by coincidence that the Conference was held soon after the Belgrade Declaration of 1961 of the Non-Aligned Summit. A few years later in 1973, the Non-Aligned Summit in Algiers appealed for the establishment of a new International Economic Order, which, was subsequently adopted in 1974 at the Sixth Special Session of the United Nations General Assembly. Furthermore, the Havana Summit of Non-Aligned Nations held in 1979 called for the launching of global negotiations and adopted policy guidelines on the reinforcement of collective self-reliance among developing countries. More recently, the Seventh Summit of Non-Aligned Countries meeting in New Delhi in March 1983, re-affirmed the need for closer economic co-operation among developing countries as an important means in building collective self-reliance and in increasing the bargaining power of developing countries in negotiations with developed countries. It also made concrete proposals and recommendations which played a significant role in shaping the final form of the Buenos Aires Platform.

133. It is therefore proposed that the time has come for a form of South-South dialogue to be introduced within the framework of the conference of Non-Aligned Nations. To this end, an appropriate machinery should be established as a permanent feature of this grouping to be responsible, inter-alia for the following functions: (a) serving as the technical and economic organ of the Movement for studying and monitoring on a regular basis, the implementation of decisions and resolutions adopted within UNCTAD and other international forums weighed against the decisions taken by the Assembly of Heads of State or Government of Non-Aligned Nations; (b) to provide technical backstopping and service meetings of the various organs of the Movement; (c) to co-ordinate the position of the Non-Aligned Nations as an entity during meetings of UNCTAD, World Bank, the International Monetary Fund and other international organizations. Such a mechanism or institution, when established, should liaise and co-ordinate as appropriate its activities and programmes with the Group of 77 regional Economic Commissions of the United Nations and regional intergovernmental organizations such as the Organization of the African Unity (OAU), the Association of South East Asian Nations (ASEAN) and the Latin American Economic System (SELA).

D. NORTH-SOUTH DIALOGUE

134. The experiences and results of past negotiations in UNCTAD, GATT, World Bank/ IMF and even the ACP-EEC Lome Convention seem to indicate that the North-South dialogue has somehow grounded to a halt. 39/ The failure of UNCTAD VI is another manifestation of the collapse of the dialogue. Various reasons are expounded for

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39/ See also North-South Dialogue: A Programme for Survival, (The Report of the Independent Commission on International Development Issues under the Chairmanship of Willy Brandt), Pan-World Books, London 1980.

this phenomenon some of which were discussed in some detail in Part IV of this report. Intensive efforts have been made at different levels to review the North-South dialogue and make it really work. 40/ Therefore the proposals put forward below are an addition or refinement of proposals which might have already been made in the multiplicity of studies and treatises produced on this matter.

(i) Intensification of international consultations

135. The collapse in the North-South Dialogue can be attributed directly to the lack of genuine consultative machinery at international level based on the principle of "universality". Developing countries often justifiably complain about not being consulted on decisions by the industrialized nations which adversely affect them. A new effort therefore needs to be made, especially by industrialized nations to improve the mechanisms for consultations with developing nations affecting all aspects of world economic issues especially in the field of international trade, money, finance, energy, technology, industry and global food security recognising the present character of interdependence of nations. Developed countries should resist the arrogance towards "unilateralism" in the decisions in these issues especially when they adversely affect the developing countries. Similarly, developing countries should also devise mechanisms for consulting with the industrialized countries on major decisions they wish to take if such decisions require any form of support from the latter. Such consultations could be taken at bilateral levels through embassies or special missions or at multilateral levels through established channels such as the United Nations, the World Bank and the IMF. The industrialized nations regularly hold such consultations between each other and there is no reason why this could not be extended to developing nations.

(ii) Implementation of Agreed Decisions

136. A major weakness of the international economic system lies in its inability to implement its own decisions or resolutions even where a general consensus has actually been reached. Therefore, new directives should be developed within UNCTAD to effectively follow-up on the implementation of decisions and recommendations adopted within the forum. The developing countries should be willing to shoulder their responsibility alongside the industrialized nations in this respect. The developed countries, on the other hand, should avoid adopting evasive action or tactics which delay or frustrate the implementation of agreed decisions taken in international forums. It should be stressed that the tendency towards the "polarization" of interests and the "politicization" of the decision process in UNCTAD and other bodies has largely been responsible for non-implementation of resolutions and decisions. Furthermore, the need for strengthening economic "interdependence" is extremely crucial to a healthy revival of the world recovery in which both industrialized and developing nations can have assured equitable advantages.

40/ See for instance the North-South Dialogue: A Programme for Survival, op.cit. pp. 257 et. seq. and Annex I on Recommendations, and Commonwealth Secretariat, The North-South Dialogue (Making it work), London 1982.

(iii) Review of Existing International Institutions

137. Are the existing institutions adequate to respond to the world economic crisis? This question is increasingly occupying the minds of policy makers especially in developed countries. Throughout the preparations for UNCTAD VI negotiations and thereafter, there was a general consensus that the structures and operations of the Bretton Woods Institutions (the World Bank and the International Monetary Fund) need to be reviewed to make them adequately equipped to respond to the needs of developing countries. 41/ The same may be said of UNCTAD sessions as an institution. It hardly needs emphasizing that both the number of countries needing financial, technical and advisory support from these institutions has considerably increased over the years. At the same time, the structures of international economic, trade, monetary and financial relations have virtually been revolutionized with the passing of time. It therefore stands to reason that unless such a revision is made and new mandates developed and agreed upon, no amount of negotiations can significantly alter the present flow of resources to developing nations or instil confidence in these institutions.

(iv) Special Session of the United Nations General Assembly on the World Economic Crisis and Recovery

138. The various platforms for new dialogues at national, regional, South-South and North-South levels would be also enhanced through a global dialogue. To this end, it is proposed that the General Assembly should convene a Special session on the World Economic Crisis and Recovery. The Special Session should inter alia, have before it the latest reports on the development situation and the impact of the world crisis on the various regions. A special study should be conducted on the least developed, landlocked and island developing countries to underline the peculiar problems encountered by such countries in implementing their development objectives and priorities. The agenda of the special session would be drawn up by the Secretary General of the United Nations in consultation with all relevant United Nations Specialized Agencies, Regional Economic Commissions and the Non-A Aligned Nations Movement. The Special Session should also consider proposals for the re-organization of UNCTAD and the Bretton Woods Institutions and give new directives for the structure and content of negotiations to be conducted within the new set-up.

41/ The Bretton Woods Institutions were created in 1944 by developed countries only while UNCTAD was created in 1964 with the participation of a smaller group of developing nations.

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PROGRESS REPORT ON THE ACP-EEC NEGOTIATIONS FOR A SUCCESSOR AGREEMENT TO THE LOME II CONVENTION

(Note by the Secretariat)

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I. INTRODUCTION

1. The Second Convention of the African, Caribbean and Pacific (ACP) and European Economic Community (EEC) which was signed in Lome on 31 October 1979 is due to expire in February 1985. The Lome II Convention represents contractual relations over a period of years with countries of different sizes, circumstances and economic and social systems. It involves a range of instruments established by common accord as a result of negotiations related to specific circumstances and needs. The negotiations of a Successor Arrangement to the Lome II Convention were launched at the ministerial meeting held in Luxembourg on 7 October 1983. The second ministerial negotiating meeting took place in Brussels from 9 to 10 February 1984.

2. The purpose of this report is to summarize briefly the progress which has been made and the stage which has been reached in such negotiations.

II. PLATFORM FOR NEGOTIATIONS

3. The process of negotiating the Successor Arrangement is conducted at two levels: (a) Ambassadorial and (b) ministerial. The discussions have so far proceeded rather slowly. Perhaps this was inevitable in view of the problems and the need by each of the parties to assess and adequately prepare their respective negotiating positions.

4. The two negotiating parties have agreed to discuss the main points under the following subject groupings:

Group 1. Agricultural Co-operation, Integrated Rural Development Food self-sufficiency and Food Security;

2. Trade, Commodities and Stabex[1/];

3. Development of Mineral Resources and Sysmin[2/];

4. Industrial Development, Transfer of Technology, Fisheries Resources Development and Tourism;

5. Financial and Technical Co-operation;

1/ Stabilization of Export Earnings.

2/ System of Stabilization of Minerals.

Group 6. Customs Co-operation and Rules of Origin;

7. Least Developed, Land-locked and Island Countries, Transport and Communications;

8. Social Conditions, Research, Training, ACP/EEC Cultural Co-operation and Intra-ACP and Regional Co-operation;

9. Institutional and Legal.

5. The negotiations are scheduled to be completed by or before the expiry of the current Convention. There is a general understanding which takes account of the need for smooth transition without a break from the old to the new Convention. However, this is an objective which can only be achieved if the parties are able to show a greater degree of compromise and accommodation on the issues being negotiated.

6. The negotiations are generally conducted through spokesman both at ambassadorial and ministerial levels. The ACP Group has in certain cases appointed more than one spokesman for some of its negotiating groups.3/ On the other hand, the EEC has tended to aggregate two or more group subjects under one spokesman.

7. Despite the absence of hard statistical data on the group positions, it has become quite clear that major differences of views exist between the ACP and the EEC. The fate of the negotiations will depend upon the degree of flexibility and accommodation which can be displayed in resolving some of the divergencies.

8. The negotiations between the ACP and the EEC had not yet started in all areas by the time of the Second ACP-EEC Ministerial Meeting of February 1984. What actually took place was merely to enable the meeting to get a first impression on some of the main issues on which there is concern on either side.

III. MAJOR ISSUES OF INTEREST TO AFRICAN COUNTRIES

(a) Trade, commodities and Stabex

(i) International trade

9. The development and expansion of trade is the central theme of the ACP/EEC relationship. During the period since coming into operation of Lome II Convention, statistics show that the share of ACP countries' trade in the EEC has declined

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3/ As of January 1984, the following African countries were agreed as part of ACP ministerial spokesmen for the groups indicated: Zimbabwe, Cameroon, Mauritius, Mali and Sudan. No agreement had as yet been reached between Botswana, Guinea and Zaire in respect of spokesmanship for negotiating area dealing with the Development of Mineral Resources, Energy and Sysmin. Spokesmen had also not been selected for part of negotiating group 8 and for negotiating group 9.

whereas that of non-ACP countries has been on the increase. The main interest in this area for the African Group and the ACP in general can be summarised to imply inter alia an increase in the earning capacity for the ACP exports into the EEC. At the same time, ensuring that the prices obtained for ACP exports and especially the value thereof are not eroded through inflation even if this cannot be directly blamed on the EEC states. It therefore can be observed that issues to be negotiated deal with aspects of export quantities, composition, value and fair price rates.

10. The EEC's response stresses that the Convention give ACP exports duty-free entry and that it adopts contractual approach to the issues and does not impose conditionality for ACP. The decline in the ACP share of trade is therefore largely due to the loss of competitiveness by the ACP themselves. The EEC therefore holds the view that ACP countries have not been able to take advantage of the duty-free entry provisions because their products cannot compete with those of the other developing countries. In other words, the ACP countries are urged to improve their competitiveness.

(ii) Commodities

11. In the case of commodities, the main concern of the ACP is diversification of the composition of their commodity exports to include non-primary agricultural and mineral products notwithstanding the provisions of duty-free entry. Consequently, the ACP negotiators are drawing the attention of the EEC partners to some of the adverse effects of non-tariff barriers (NTBs).

(iii) Stabex

12. The scheme for Stabilization of Export Earnings (Stabex) has generated one of the most heated debates. The system was originally introduced under the Lome I Convention with a small number of products. The Stabex list of products under the Lome II Convention was increased to 44 products (including iron ore). ACP/EEC trade under the two Convention periods covering Stabex products has not faired all that well. For instance, EEC imports from the ACP countries of main Stabex products between 1971 and 1981 with the excention of coffee (4.6%) and tea (3.4%) recorded negative average annual growth rates: groundnuts (-23.3%); oil (-7.1%); wood (-4.4%); and cotton (-1.9%).

13. The ACP countries are dissatisfied both in terms of the funds allocated to Stabex as well as its product coverage. The amount of ECU 550 million has been earmarked for the Lome II Convention period for Stabex in order to compensate ACP countries as a result of falling export receipts. They have stressed the need for revision of the system in terms of its resource portofolio and the method used for reimbursement of claims. For instance, out of 58 ACP countries who submitted claims in 1982 only 35 countries benefitted. But even then the amounts actually received were far less than had been expected by the countries concerned.

(b) Agricultural co-operation, integrated rural development, food self-sufficiency and food security

14. The issues being negotiated with regard to agricultural co-operation stress the need for an integrated approach to agricultural development. In particular the ACP have defined their negotiating strategy stressing the following three aspects:

(i) the improvement of the present food situation of ACP countries, especially food self-sufficiency and food security;

(ii) the inadequacy of the provisions of Lome II to deal with obstacles to integrated rural development; and

(iii) the ACP positions and proposals regarding the global and operational objectives to be included in the successor arrangement.

(c) Development of Mineral Resources, Energy and Sysmin

15. In the case of minerals, the Lome II Convention stressed the inter-dependence between the ACP and the EEC. For instance, some ACP States derive between 40 and 90 per cent of their foreign exchange earnings from their mineral exports. On the other hand, the EEC are also highly dependent on imports of many of the crucial mineral raw materials from the ACP States which form inputs into their important economic sectors such as engineering and high technology manufacturing. It is therefore expected that the successor agreement would take full account of the mining industry and its role on Africa's development.

16. The analysis carried out by the ACP reveals among other things that there was a tendency under the provisions of the Lome II Convention to give more prominence to the system of stabilization of minerals (Sysmin) than to the general development of mineral resources. It is partly for this reason, among others, that in negotiating a Successor Arrangement, the ACP intend treating Sysmin as one of the instruments of mineral development. Consequently, the ACP wishes to look at the subject under the following three broad categories: (i) established mining operations; (ii) known mineral processing; and (iii) manufacturing of mineral products.

17. Provisions in the Convention, especially its Article 51 indirectly militate against development of a self-reliant and self-sustaining mining sector of the ACP countries. It imposes serious constraints to the extent that it requires beneficiaries of Sysmin among the ACP countries to export to none other than to the EEC. There is also no provision made for intra-ACP trade in minerals to benefit from Sysmin.

18. Similarly, energy is to be discussed in terms of traditional and new traditional forms to include electricity and oil, and in terms of renewable forms of energy such as biomass, wind and solar energy.

(d) Industrial development, fisheries resources development, technology and Tourism

(i) Industrial co-operation

19. Currently, the ACP negotiators seem to give the impression that the provisions of Lome II Convention were fairly adequate to meet the needs for industrial co-operation. However, the new convention should attempt: (a) to provide for additional means and resources for the implementation of those provisions and (b) to develop institutions such as the Centre for Industrial Development to promote industrial manufacturing. The European Investment Bank, should be persuaded to improve the implementation of those provisions to make the ACP economies attain self-sustained growth.

(ii) Fisheries resources development

20. A major problem in which the ACP are trying to prepare a negotiating strategy pertains to the narrow definition of originating products in relation to this item. This problem is also examined under Customs Co-operation and Rules of Origin.

(iii) Tourism

21. The start of negotiations on this subject was mutually agreed between the ACP and EEC as of March 1984. In the meantime, the ACP aims to study Stabex-like compensatory mechanism for losses in tourism.

(iv) Transfer of technology

22. The ACP had yet to define its negotiation strategy nor has any contacts been held with the EEC.

(e) Financial and technical co-operation

23. The major areas of concern from the stand point of the ACP and on which negotiations are to be centred include:

(i) the entire financial package which in terms of resources made under the Convention had proved to be inadequate and additional resources should be provided;

(ii) decreased in aid which was a combined result of erosion through inflation, lack of automatic adjustment mechanism to take account of population growth;

(iii) the "Multiplier effect" of EEC aid on EEC's own economy - implying that the ACP States spent several times more of the aid amount under the Lome II Convention in purchasing goods, equipment, services from the EEC markets

(f) Least-developed, land-locked and island countries, transport and communications

24. Issues concerning the inclusion of the issue of LDCs in a Successor Arrangement are of particular significance to the African States, members of the ACP. So far, progress has been confined to preparatory work at the ACP ambassadorial level. The position of the ACP and the strategy to be adopted have yet to be crystalized.

(g) Social conditions, research, training, ACP/EEC cultural co-operation, intra-ACP and regional co-operation

(i) Social conditions, research, training, ACP/EEC cultural co-operation

25. The ACP has proposed that the Community's contribution towards promoting ACP human resources should be backed up by an integrated programme for education, training, research information and communications with account being taken of the socio-cultural characteristics of the ACP populations. Furthermore, they argue that the new convention should be directly related to the agricultural and industrial development of the ACP States.

26. The problem of students and migrants which were unresolved in the context of the Lome II Convention should be accorded high priority in the new agreement.

(ii) Intra-ACP and regional co-operation

27. An issue of major concern that also emerges from the Lagos Plan of Action is collective self-reliance. The point to stress is that although the provisions in the Lome II Convention made reference to the importance of intra-ACP and regional co-operation, only a nominal amount of EEC resources were earmarked for the purpose of enhancing regional co-operation. The Commission's recent memorandum on the Community's Development Policy indicated that it would propose measures to encourage regional co-operation for possible incorporation into a Successor Arrangement of Lome II Convention.

28. An area of divergence is the interpretation given to dialogue sur les politiques (policy dialogue) as seen from the point of view of the EEC and the ACP and has contributed to great confusion and misunderstanding. The EEC's interpretation seems to imply that they see to be involved in the decisions on national development policies of the ACP as part of the aid package. From the standpoint of the ACP, the introduction of the policy dialogue seems to be considered as inappropriate and contrary to respect for the sovereign rights of their states. The ACP believes that in introducing debate on this subject by the EEC, the latter are trying to assume a role of overseeing and dictating the formers' domestic policies. The EEC has been at pains to explain that their motive is not to interfere with the national policy machinery of the ACP states but rather to gain a better appreciation of their ACP partners' positions. The ACP has maintained that if the policy dialogue were to be accepted as an aspect of the new convention, it should also involve the development policy of the EEC countries. At the same time, the ACP would like to include under such debate the issue of apartheid in South Africa whose economy the EEC continues to support. The ACP sees the support of South Africa by the EEC as support for an apartheid policy and as contradictory to the spirit and letter of the Convention and Successor Arrangement being negotiated.

29. The other issues which the ACP would like to resolve in a Successor Convention have been identified to include: (i) conferring on the ACP states the right ultimately to determine what should be regional projects; (ii) broadening the definition of regional co-operation in order to reflect the multi-facet membership of the ACP countries; (iii) ensuring that handling of commitments out of regional allocations is in line and pays attention to the priorities established by the ACP regional groupings.

IV. ASSISTANCE TO THE AFRICAN GROUP IN THE ACP

30. Pursuant to the mandates given to the Secretary-General of the Organization of African Unity (CM/Len/Res.5(XL)) and the Executive Secretary of the United Nations Economic Commission for Africa (resolution 471(XVIII), the secretariats have been providing technical backstopping to the African Group at the negotiations. More supported work will continue to be undertaken by the two secretariats as the negotiations approach the finalization stages.

31. In this connection, the OAU secretariat has taken steps in strengthening its office in Brussels with the deployment of additional personnel in order to cope with the envisaged increase in the workload. At the sametime, an Assistant Secretary-General went to Brussels to strengthen the support given to the African negotiators and also held discussions with the EEC Commission.

32. On the other hand, the Executive Secretary of ECA held discussions with the Director-General for Development in the EEC Commission stressing the African dimension of past, present and future ACP-EEC relations. The Executive Secretary has also made available senior staff of the secretariat during the ACP-EEC ministerial meeting since the launching of the negotiations, especially in May and October 1983 and again in January and February 1984.

33. In terms of technical backstopping, the ECA secretariat has prepared the following documents:

(a) Comments on the ACP Draft Memorandum for the Negotiations for the Successor Arrangement to Lome II Convention, E/ECA/TRADE/8;

(b) Stabilization of Export Earnings (Stabex) under the ACP-EEC Convention of Lome II: A Preliminary Appraisal;

(c) Suggested Negotiating Strategies and Techniques on Regional and Intra-ACP Co-operation, ACP--/-/NEG;

(d) Suggested Institutional Machinery for Regional and Intra-ACP Co-operation, ACP/00114/84 NEG (Annex);

(e) Questions of Guaranteed Markets and Remunerative Prices for Exports of ACP Products, ACP/00113/84 NEG (Suppl.).

34. The secretariats continue to monitor the progress of the negotiations through regular contacts with the ACP secretariat in Brussels. They plan to be available to provide additional advisory services when the negotiations get fully underway.

V. CONCLUSION

35. This progress report has been written at a stage of the negotiations when it is not possible to draw any meaningful forecast of what are likely to be the outcome of the negotiations. However, it would seem that the Successor Arrangement will not be a totally new convention. Rather, it is likely to be a mere improvement of the provisions of Lome II Convention. One thing that is nevertheless obvious is that the new negotiating platform has become more complex in view of certain recent developments in international trade, money and financial relations. The EEC as part of the Organization for Economic Co-operation and Development (OECD) are most likely to assume the same stand on many of the issues under negotiations as they have done within UNCTAD, GATT and the IMF/IBRD.

36. However, the ACP should continue to press for increased resources to be made available under the Successor Arrangement. Similarly, for increased product coverage both under Sysmin and Stabex. Furthermore, that products that do not necessarily meet the Stabex threshold condition as specified in Article 29 of the Convention should be considered for inclusion under the Successor Arrangement. Provisions should be worked in the system in order to ensure that it does not continue to remain a system of compensation but that it combines elements of stimulating the development process of the economies of ACP countries.

37. The African Group, members of the ACP will need to take into account and be guided at all stages of the negotiations by the relevant resolutions and decisions adopted by the organs of the OAU and ECA.

38. The Fortieth Ordinary Session of the Council of Ministers of the Organization of African Unity reiterated in a resolution that there is therefore the need for continued high quality technical backstopping and advisory services to the African group in order that they may be able to derive any meaningful benefits from the arrangement.

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PROGRESS REPORT ON THE INTERNATIONAL NEGOTIATIONS FOR A CODE OF CONDUCT ON TRANSNATIONAL CORPORATIONS

I. INTRODUCTION

1. International negotiations for a Code of Conduct on transnational corporations were initiated in January 1977 by the Commission on Transnational Corporations which set up an Intergovernmental Working Group with the specific mandate to prepare a draft code on transnational corporations. 1/ The Intergovernmental Working Group on a Code of Conduct has held over seventeen sessions since then but due to the difficult and politically sensitive nature of the issues involved, the negotiations have been arduous and exceedingly protracted.

2. Some of the major issues of concern to the African countries, which were fully taken into account in the submissions of the Group of 77 includ: (a) scope and coverage of the code; (b) the definition of the term "transnational corporations"; (c) treatment of transnational corporations; (d) non-collaboration by transnational corporations with the racist minority regime of South Africa; (e) the exercise of national sovereignty and non-interference by TNCs in international political affairs of host countries; and (f) issues relating to the treatment of transnational corporations in host countries, nationalization and compensation.

II. MAJOR OUTSTANDING ISSUES ON THE CODE

3. Since the negotiations started, some degree of understanding has been reached on a few aspects of the code such as the obligations of TNCs in matters relating to consumer and environmental protection; ownership and control; effects on balance of payments of TNCs operations; respect by TNCs of socio-cultural and development objectives of the host countries; and disclosure of information by Transnational Corporations.

(a) First Special Session on the Code of Conduct

4. Despite this progress, widely divergent views continue to exist on some of the issues considered to be fundamental to the economic interests of the parties involved in the negotiations on the draft code. Among the outstanding issues where major differences exist include the "Preamble and objectives", "Definitions and scope of application," "Activities of transnational corporations" including the question of Southern Africa and "Treatment of transnational corporations". Consequently, the Economic and Social Council, on the recommendation of the Eighth Session of the Commission decided in its resolution 1982/68 of 27 October 1982, that a special session of the Commission on Transnational Corporations should be held to discuss exclusively the outstanding issues of the code. Such a session would be open for participation of all states member of the United Nations. The session duly took place in two sittings in March and May 1983 in New York.

1/ See Report of the Intergovernmental Working Group on the Code of Conduct, E/C.10/31, 4 May 1977.

5. In order to assist the African countries to participate effectively in these negotiations, the ECA Secretariat, in collaboration with the United Nations Centre on Transnational Corporations, organized the second African Regional Meeting on a Code of Conduct on Transnational Corporations.2/ The purpose of the meeting, which was attended by twenty two countries, was to brief the African countries on the progress which had been achieved in the work towards the formulation of the code. This meeting acted as a follow-up on the first African regional meeting on the same subject which was held in Addis Ababa in 1977. 3/ A paper was prepared by the secretariat and presented at the Addis Ababa meeting analyzing the issues of the Code from the African perspective. 4/

6. Although the special session was unable to complete the Code, the intensive negotiations which took place led to some consensus on a few additional paragraphs. Specifically, agreement is beginning to emerge on the following issues: (a) activities of transnational corporations with respect to adherence to economic goals and development objectives, policies and priorities; (b) ownership and control; (c) balance of payments and financing; (d) issues of employment by TNCs; and (e) restrictive business practices. With reference to this last issue, it was agreed to include in the Code, reference to two instruments adopted in other forums namely, the Tripartite Declaration of principles concerning Multinational Enterprises and Social Policy (ILO) and the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices,

(b) Second Special Session on the Code of Conduct

7. In accordance with its above mentioned resolution 1982/68, the Economic and Social Council presented the result of the special session of the Commission on TNCs to the thirty eighth session of the General Assembly for its consideration and appropriate action. In its resolution 38/428, the General Assembly requested the Commission on Transnational Corporations to reconvene again in a special session to assess the work on the draft Code and prepare the way for further negotiations on the outstanding issues. This reconvened session on the Code took place in New York from 9 to 13 January 1984. It essentially reviewed the basis of some of the key issues proving the most difficult to resolve including, among others the scope of application of the Code, legal nature of the code, applicability to international law, treatment at national level and settlement of disputes. In spite of strong

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2/ See Report of the Second African Regional Meeting on a Code of Conduct on Transnational Corporations, E/ECA/UNCTC/25, 18 February 1983.

3/ See Report of the African Regional Meeting on a Code of Conduct for Transnational Corporations, E/ECA/UNCTC/22, 12 January 1983.

4/ See "The Proposed International Code of Conduct on Transnational Corporations: The African Perspectives, A note by the ECA Secretariat, E/ECA/UNCTC/20, 20 January 1983.

divergent positions held by the various groups, they remained positively interested in further negotiations. At the end of this session a recommendation was made to the Economic and Social Council that the Commission on Transnational Corporations should hold another special session probably in March 1984 to complete the work on the formulation of the Code.

III. OTHER CODES RELATING TO TRANSNATIONAL CORPORATIONS

8. Due to the multidimentional characteristics of Transnational Corporations, there have been other international codes of conduct which aim at addressing specific issues of global concern. Among some of the early codes are (a) the "set of guidelines for multinational enterprises" together with principles regarding government policies which were adopted by the organization for Economic Co-operation and Development (OECD) to regulate the activities of transnational corporations. The International Chambers of Commerce (ICC) and the World Confederation of Labour (WCL) have also in the past attempted to define the areas of activities of transnational corporations.

9. Other organs of the United Nations, especially the United Nations Conference on Trade and Development, (UNCTAD) World Health Organization (WHO) and the International Labour Organization (ILO) have elaborated specific guidelines to cover dealings with transnational corporations. Examples of such codes include the following (i) International Code on Marketing of Breast Milk Substitutes (WHO); (ii) The Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO); (iii) Principles and Rules on Restrictive Business Practices (UNCTAD); (iv) International Standards of Accounting and Reporting (UNCTC); (v) Code of Conduct on the Transfer of Technology; (UNCTAD; and (vi) International Greement on Illicit Payments (ECOSOC).

IV. CONCLUSIONS

10. The essence of the code of conduct on transnational corporations lies in treatment which the African Governments should give to the Transnational Corporations and their expectation how such TNCs should conduct themselves or contribute to the development processes of the countries in which they operate. The adoption of the code of conduct is also expected to strengthen the bargaining position of African Governments, both individually and collectively, vis-à-vis the TNCs. As such, its early adoption is of extreme importance, especially in the attainment of collective self-reliance as envisaged in the Lagos Plan of Action. Unfortunately, Africa's attendance at the previous negotiation session was extremely poor, and as a result, important decisions which might shape the future of this continent were taken without the full and active participation of most African countries. In order to ensure that Africa's concern are fully reflected in the code when finally adopted, the Secretariat feels that the participation of all African countries in the current negotiations, including the special sessions, is of paramount importance.